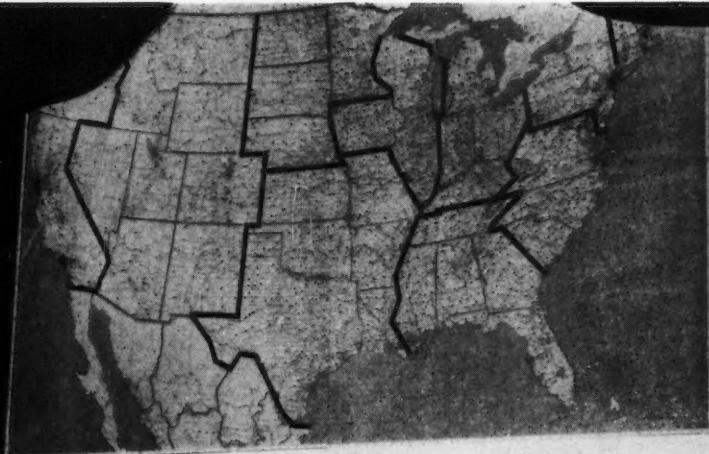


BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

48²
JANUARY 1956



1956 BUSINESS OUTLOOK



The Business Outlook (pages 3 and 33)

The Legislative Outlook (pages 34, 35, 38)

Mortgage Warehousing: A Good Thing If Used Right
(page 45)

Fatherless—but not homeless

... thanks to
a farsighted bank!

What a relief that foreclosure wasn't necessary. What satisfaction to know that you saved a home for a fatherless child. And what a great forward step in community relations.

Federal's Mortgage Life Insurance is solving these difficult problems every day for more and more banks. **Customers** like

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... Why not make the Federal Plan available to your customers. *Write Today For Complete Information and Portfolio on Both Federal's Mortgage Plan and Credit Life and Disability Program.*

Complete Credit Life & Disability Plans Also Available for Your Installment Loan Department.

Federal Offers You:

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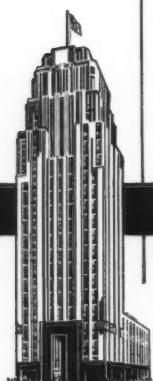
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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

CONTENTS FOR JANUARY 1956

Some material belongs in several different classifications but for your convenience is usually listed under one heading only

HERE AND ABROAD

THE OUTLOOK AND CONDITION OF BUSINESS
William R. Kuhns 33

BANK HOLDING COMPANY LEGISLATION, AND
COMPETITION F. N. Belgrano, Jr. 34

THE HOUSE BANK HOLDING COMPANY BILL
Congressman Brent Spence 35

WASHINGTON—BUDGET AND SPENDING;
LEGISLATION Lawrence Stafford 38

OUR FOREIGN TRADE: CANDID SHOTS Herbert Bratter 41

NEW FNMA'S FIRST YEAR J. Stanley Baughman 44

MORTGAGE WAREHOUSING George A. Mooney 45

THE HUGE MARKET FOR HOME IMPROVEMENT
LOANS Norman P. Mason 51

RESOLUTIONS BY PROXY (CARTOON) Dick Ericson 52

HOW SOUND AND ENDURING IS OUR PROSPERITY?
E. Sherman Adams 14

PEOPLE

JUST A MINUTE 3

HEARD ALONG MAIN STREET Theodore Fischer 18

ADVERTISING—PUBLIC RELATIONS AND EDUCATION

THE MASS MARKET FOR BANK SERVICES
John L. Cooley 48

THE BANKER TURNS COLUMNIST G. Edwin Heming 54

HOW TO SELL YOUR BANK IN 10 SECONDS
Lloyd A. Bimson 59

TAKING THE BANK TO THE HOUSEWIFE 60

LET'S DO A *Real* JOB OF PUBLIC RELATIONS
Robert J. Berkin 61

THE KIND OF BANK JOE AND MRS. DOAKES LIKE
Edward Streeter 64

THE BOSS WAS PLEASED 91

PUBLIC RELATIONS 98

OPERATIONS AND PERSONNEL

SPEEDING UP CHECK COLLECTIONS 42

METHODS AND IDEAS 46

TAXES, TRUST AND LEGAL

PLANNING AND MANAGEMENT OF CHARITABLE
FOUNDATIONS George A. Young 58

BANK LAW NEWS John René Vincens 72

NEWS FOR TRUSTMEN 84

INVESTMENTS

GOVERNMENT BONDS Murray Olyphant 56

THE INVESTMENT MARKETS H. Eugene Dickhuth 57

GENERAL NEWS

BANKING NEWS 76

INSTALMENT CREDIT 83

TRUSTS 84

SAVINGS 85

MORTGAGE CREDIT 86

CALENDAR 89

AMERICAN BANKERS ASSOCIATION
AMERICAN INSTITUTE OF BANKING
GRADUATE SCHOOL OF BANKING } 42, 54, 65,
76-89, 91, 94, 122

ALL IN THE FAMILY 94

NEW BOOKS 145

IDEAS FOR READERS 147

THE COUNTRY BANKER

BANKERS TAKE A FRANK LOOK AT THE
FARM OUTLOOK Dwight J. Townsend 65

1956 AGRICULTURAL FINANCE OUTLOOK
Norman J. Wall 68

NEWS FOR COUNTRY BANKERS Mary B. Leach 69

THE FAMILY DOLLAR

A NEW BUSINESS BUILDER FOR BANKS 153

THE FAMILY DOLLAR (Magazine) 16-page section
following page 152. (A reprint of a new publication,
offered to banks for distribution to their
customers.)

BANKING's Advertisers . . . 148

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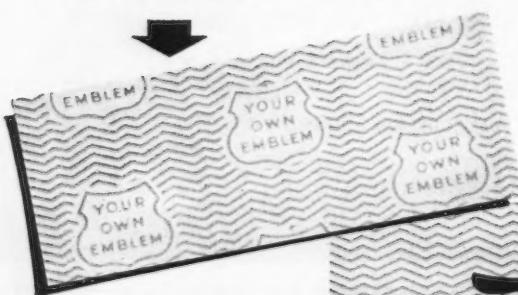


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BANKING

Just a Minute

January

THIS month brings, in addition to New Year's resolutions, National Thrift Week and the annual meetings of banks' stockholders.

National banks are required to hold their sessions in January; some state banks must do likewise.

"Meeting Day" is the occasion for unveiling the annual report, and by the end of the month many of these documents will have appeared. BANKING plans to continue its practice of passing along comments of bank management on business conditions and prospects, as culled from the reports.

Our New Coat

THIS month's BANKING traveled

through the mails in a new coat—a tight manila wrapper instead of the familiar envelope.

We trust that our innovation will bring the magazine to you in fresh, crisp condition, without the wrinkles and cracks to which the former container frequently subjected it.

BANKING in Your Livingroom

IF you read your copy of BANKING only at the bank, try an experiment with this January number:

Take it home.

We make the suggestion because the Winter 1955-56 issue of *The Family Dollar* is included, and we predict your family will be interested.

The F.D., as you may know, is



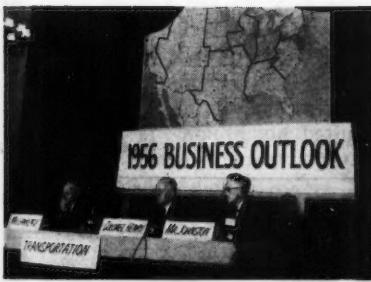
"There—I've balanced the budget to start the new year. Now let's see if we can budget the balance!"

published quarterly by the American Bankers Association for distribution by banks to their customers and friends. It's full of facts and pictures about family finance—all palatably presented for quick assimilation.

Try this one on the folks! And be sure to read it yourself!

Footnote

THE FPRA convention in Hollywood, Fla., is reported in this issue



UNITED PRESS

THIS MONTH'S COVER

A symposium on the business outlook for 1956 was held in Washington in early December under the auspices of the Chamber of Commerce of the United States. Trade associations in the transportation, construction, distribution, manufacturing, agriculture, and food industries were represented. This month's cover shows the transportation panel, made up of, left to right, John V. Lawrence, managing director, American Trucking Associations, Inc.; Col. Robert S. Henry, vice-president, Association of American Railroads; and J. Edgar Johnston, highway transportation specialist, U. S. Chamber of Commerce

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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under the title, "The Mass Market for Bank Services." But the story omits a footnote that really should be chronicled, so here goes:

One of BANKING's representatives at the convention sought to prolong, beyond checkout time, his stay at the hotel. He told the office:

"I want an extension on my room."

"Oh, sir," said a sweet voice, "you want the engineering department."

Honest!

Crusade

THE 1956 Crusade for Freedom comes at a time when the need for continued operations of the Crusade-supported Radio Free Europe and Free Europe Press is "greater than ever before," says the organization's president, William A. Greene.

He points out that the Iron Curtain still exists, that freedom of satellite countries is essential to peace and to our national security, and that the Communist goals are unchanged.

"Attempts by the Soviets to jam Radio Free Europe continue unabated," Mr. Greene reported, "and they continue loudly to protest the delivery of news leaflets by balloons. The truth hurts them, and hurts them badly. Now is no time to quit."

President Eisenhower has endorsed the 1956 Crusade.

How to Save

A LONDON United Press dispatch said:

"Tax officials thought they had 50-year-old Bill Hughes dead to rights.



PEORIA JOURNAL

Commercial National Bank of Peoria, Ill., has a woman "guard," Miss Caroline Kapraun. She's a five foot five inch blond with hazel eyes, a smile, and no gun. Her duties are to patrol the lobby, direct customers, and answer routine questions

"Mr. Hughes, a shipyard worker, appeared in bankruptcy court on charges of bookmaking and failing to pay tax on the proceeds. He admitted having saved \$16,800 on his \$56-a-week salary, but said he had done it in this way:

"Never ate candy; never smoked; never drank; never went out with women; shaved with his brother's razor blades; charged his grandmother 12% interest on money she borrowed; worked a night shift and borrowed his father's shoes, while the latter slept, to save shoe leather; went 13 years without buying a new suit; never bought a single flower; limited his lifelong movie-going to one picture; ate everything on the

(CONTINUED ON PAGE 6)

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Delegates to the recent American Petroleum Institute meeting in San Francisco rode the city's cable cars as guests of the First National Bank and Trust Co. of Tulsa, Okla., which provided more than 10,000 complimentary tickets. Each book was accompanied by a poem, signed by R. Otis McClintock, chairman of the board, who noted "this is terrible poetry, but the tickets are good." One verse explained that "When you're in Frisco town First of Tulsa wants to help you up those hills . . . and down."

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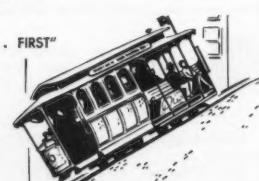
AMERICAN PETROLEUM INSTITUTE Annual Meeting

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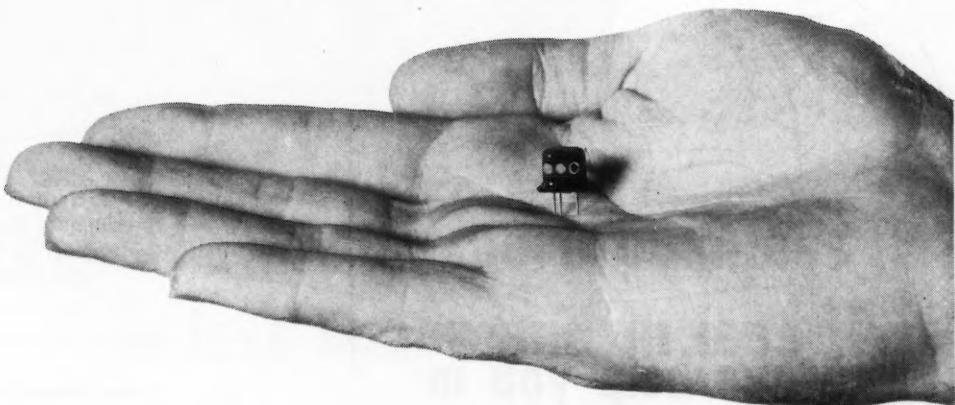


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**FREE ride on
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Railway
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This is the Mighty Mite of Electronics

Many good things for many people are coming from the Bell Telephone Laboratories invention of the Transistor—a tiny device that can do many things a vacuum tube can do and more besides!



More and more the **Transistor** is being recognized as one of the greatest inventions of recent years. It is truly the mighty mite of electronics.

All of the growing uses of the Transistor stem from its invention at Bell Telephone Laboratories, announced seven years ago.

This amazing amplifier was soon seen destined to open new doors not only in telephony but in many other fields. It is estimated that 15 million Transistors will be made this year.

One of the first uses of the Transistor was in the new equipment that

enables telephone users to dial over long distances. It is also being used in volume control telephones for those who have difficulty in hearing and in the new rural telephone system that is powered experimentally by electricity generated from sunlight through the Bell Solar Battery.

The Bell System, in line with its established policy of making all its inventions available to others on reasonable terms, has licensed some 60 companies to make and sell Transistors, and about 700 companies who have the right to use these devices in

a wide range of electronic equipment. These include makers of guided missiles and other weapons of defense, radios, television sets, computers, etc. Royalty-free use of the Transistor is available to licensed U. S. manufacturers of hearing aids.

The Transistor can amplify electric signals up to a thousand times. "In less than half a century," said an article in the Reader's Digest, "the electronic tube has changed the world. The effect of the Transistor on our lives may be equally potent."

Bell Telephone System



Any Questions?



May we help you in selecting a plant location?

In our Omaha headquarters we have accumulated a vast amount of factual information covering the eleven western states served by Union Pacific.

This information is kept up to date through day-by-day contacts with our traffic representatives located in cities and towns throughout that area.

So, if you are planning to build a plant for warehousing, distribution, assembly, or what not, in the growing West, it is quite possible that we can help you in selecting a location that will meet your requirements.

For confidential information, ask your nearest U.P. representative to call on you, or contact—

INDUSTRIAL DEVELOPMENT DEPARTMENT • UNION PACIFIC RAILROAD
Room 381, Omaha 2, Nebraska

UNION PACIFIC RAILROAD

(CONTINUED FROM PAGE 4)
table even if he didn't want it; patched everything, including his underwear; never took a holiday trip that cost more than 56 cents."

Reserves . . . the Army's, That Is

THE Department of the Army calls BANKING's attention to the Reserve Forces Act of 1955, especially the provision for enlistment of young men between 17 and 18½ into units of the Reserve. Special emphasis is being placed on this program "because its success will determine in large measure whether or not we will be able to develop fully manned Reserve units."

Several thousand youths have already volunteered, but "many additional thousands are needed," says Assistant Secretary Hugh M. Milton II.

He also reports that the Army has a speaker's guide on the subject, and is prepared to furnish a qualified speaker from the Department for occasions at which the Reserve program might be explained and discussed.

To Meet S & L Competition—Compete!

THAT was the admonition given by Gaylord A. Freeman, Jr., vice-president of The First National Bank of Chicago, in a well documented

(CONTINUED ON PAGE 11)

Teller Walter Howard of The Idaho First National Bank at Boise cashes some oversize checks presented by G. A. Maitland of Panther Oil & Grease Company. The checks reimbursed the company's representatives for expenses at a sales convention in Las Vegas



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Records are stored
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puts them right
at her elbow.

GPL *ii-TV*® helps you do more business in less space and in less time

Banks boom where there are lots of people. But space in high-traffic areas comes high. You can transact a maximum of business in a minimum of high-cost space when you use GPL *ii-TV*, the *industrial* and *institutional* television system made by General Precision Laboratory Incorporated.

In a conventional bank layout, much expensive floor area is lost by keeping records close at hand. With a GPL *ii-TV* System you can store these records in less costly space—in a remote part of the building or even miles away—and still have them instantly available. Any record needed is placed under a GPL TV camera in the central file room and appears instantly on a screen at the teller's elbow.

This fast *ii-TV* service is particularly valuable at drive-in windows. And centralized files enable any customer to

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So light and compact that a girl can carry the entire transmission system, GPL *ii-TV* is readily available for other banking jobs—staff meetings, conferences, training sessions. The camera is so sensitive that no special lighting is required. For large groups, the GPL TV projector puts a bigger-than-life picture on a screen. The entire GPL *ii-TV* System is simple to operate, and no technical staff is needed. It is inexpensive both to buy and maintain.

Every piece of *ii-TV* equipment is of the same high quality in design, materials and construction that has made GPL one of the country's leading TV equipment producers.

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**what goes into
successful bank design?**

Talent, you say. The creative talent of architectural designers and engineers. We agree. But another vital ingredient must be added to transform design beauty into successful *bank architecture*.

That ingredient is knowledge of banking operations—on the part of the designers. Without it, a handsome structure can never provide for top operational *efficiency*. And this knowledge must go into the architecture when plans take shape on the designers' drawing boards—it cannot be "worked in" later.

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How to pull assets out of thin air

Money in transit isn't "working money."

Chase Manhattan slashes transit time—puts money to work *faster*.

Result for one bank: \$40,000 more a day.

At the Chase Manhattan Bank, check clearing for our correspondents is a twenty-four-hour-a-day operation—geared to speed all the way. Because of that, float time is cut to the bone. A day or more may often be saved in transit. One of our correspondents recently told us that this results in his bank's having about \$40,000 additional available funds per day.

How much could *your* bank gain by faster service?

This is just one of the advantages of being a Chase Manhattan correspondent. Inquiries regarding this and other Chase Manhattan services for correspondents may be addressed to our Head Office, 18 Pine Street, New York 15.

THE
CHASE
MANHATTAN
BANK

Member Federal Deposit Insurance Corporation

(CONTINUED FROM PAGE 6)

address to 1,700 bankers who attended the bank's 1955 correspondence conference.

Mr. Freeman suggested a number of things the commercial banks could do to meet the situation caused by their loss in the savings field to the S & L associations. His main point was: "You can't get the savings business without serving the middle millions," and "you must offer what they want."

What's to Be Done?

"THE competition," he said, "is becoming more intense. The next question is, What should we do about the situation?" Here, in bare outline, are his suggestions:

"We must decide whether we really want savings. . . .

"We should not concentrate all of our efforts on trying to subject the savings and loan associations to the same taxation to which we commercial banks are subject. . . . If we are to seek more equitable tax legislation, we would be much better advised to strive for an increase in the reserves allowed to the commercial banks.

"The allowance of a reserve of even 4% of loans would enable the average bank to increase further its capital funds, including reserves, (by using pretax rather than after-



Gaylord A. Freeman, Jr.

tax earnings) and, at the same time, increase the rate of interest paid to the saver by 50%

"We should not concentrate on pointing out the difference between the insurance offered by FDIC and that offered by FSLIC."

The banks should recognize that their best potential customers are the "middle millions."

They should analyze this market, organize to capture it, "go after the saver." Convince people you want to serve them. Direct your advertising to the customer's needs and desires.

In short, "Give the saver what he wants."

"You have your credit problems . . . I have mine!"



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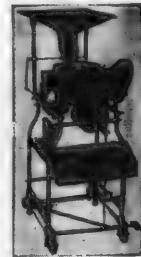


Abbott colored or brown kraft strips



COIN WRAPPERS

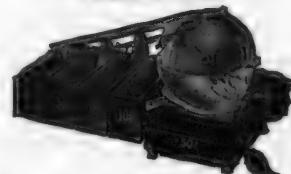
The colored flat tubular wrapper originated by us is today the quality standard of the banking industry. These easy-to-open heavy wrappers are available in nationally accepted colors.



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extra heavy duty . . .
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What Does the Saver Want?

WELL, he wants safety, and a high return. On the latter subject Mr. Freeman had some suggestions. In determining the rate paid on savings, consider profits, not deposits; pay what you can afford; don't feel you must pay what the competition pays. The decision as to the rate should be based upon the "test of profitability." Analyze the earnings and expenses of your savings deposits and "pay the rate of interest which will return the greatest profits to you over the long run."

The saver may also want a low minimum balance checking account, real estate loans, consumer loans. All right—offer these services.

Copies of the 48-page talk, titled "Savings and Loan Competition," are available at The First National Bank of Chicago.

"Judicious"

IN New York City the first "big bank" annual meeting was always that of the Bank of the Manhattan Company on the first Tuesday in December, as provided in its 1799 charter.

When this bank joined with Chase National last March to form the Chase Manhattan, the date was carried over by the new organization, and its shareholders accordingly foregathered on December 6.

The report included comment by J. Stewart Baker, chairman of the executive committee and president,



"Yes, I think the boss really meant it this time. He had my desk taken away and set fire to it. I can take a hint."

and John J. McCloy, chairman of the board of directors, on the monetary policy of the Federal Reserve System and the Government.

"During the past year this policy has gradually moved toward more active restraint," they said. "Among other results, this has acted to restrict the growth of earning assets of banks. . . .

"In our judgment this restraining action by the authorities has been necessary in a period of peak economic activity such as the nation is enjoying at present. We believe that monetary management by the authorities in 1955 on the whole has been judicious and marked by commendable moderation."

By the Way . . .

It's not how far you go in life but how you get there.

A farm is what you can make a fortune on if you find uranium or strike oil.

It's difficult to climb a ladder with your hands in your pocket.

No one gets too old to learn a new way of being stupid.

If you can get in the last thought, you don't have to worry about getting in the last word.

A man isn't old until he is bald on the inside of his head.

The easiest way to keep up with all the new books is to read the old ones first.

Experience is knowing all the things you shouldn't do.

The person who thinks too much of himself isn't thinking enough.

It's strange how few of the world's great problems are solved by people who remember their algebra.

The younger generation resemble their parents in many disrespects.

Many a young girl is as old as her mother tries to look.



engineering - in - action

MAKES FARM POWER DOLLARS GO 29% FARTHER THAN IN 1950



Today there's a big new measure of work capacity — and of dollar value — in farm equipment.

Through *engineering-in-action*, a 4600-pound Allis-Chalmers WD-45 Tractor now handles 4-plow jobs where tractors of this weight were formerly limited to 2 or 3-plow capacity.

In dollars and cents, it means that this Allis-Chalmers WD-45 Tractor and plow, together, provide 4-bottom plowing capacity at an f.o.b. price of only \$709 per bottom, compared to a price of \$917 per bottom in 1950. The WD-45 Tractor and 4-bottom plow make farm equipment dollars go 29 percent farther. In addition, this tractor offers the time-saving convenience of SNAP-COUPLER hitch and the fuel-saving efficiency of POWER-CRATER engine design — advantages not yet developed in 1950.

Allis-Chalmers engineering-in-action brings this new work capacity and investment value to farm tractor design by using the weight of implements and the action of the soil to provide weight required for traction. This system, called Traction Booster, is now available with implements of 25 to 50 percent greater capacity, including this 4-bottom plow.

Equipment like this holds the farmer's machinery investment to a minimum . . . makes his dollar go farther . . . enables him to do *more* work, in *less* time, at *lower* cost.

FARM EQUIPMENT DIVISION, MILWAUKEE 1, WISCONSIN

ALLIS-CHALMERS



SNAP-COUPLER and POWER-CRATER are Allis-Chalmers trademarks.

How Sound and Enduring Is Our Prosperity?

DR. E. SHERMAN ADAMS, *deputy manager of the American Bankers Association in charge of the Department of Monetary Policy, recently spoke before the Bank Study Conference of the Michigan Bankers Association at the University of Michigan, Ann Arbor. In his remarks, DR. ADAMS explored the factors entering into the nation's prosperity and discussed the possibilities of a leveling off process. Excerpts from his address are presented below.*

MANY thoughtful persons in the United States today are wondering how long this prosperity of ours can continue. Is this rather hectic prosperity sound and enduring? Or is it flimsy—based too much on borrowing and other stimulants? Will the boom level off nicely into a period of stable growth? Or will there be trouble?

We are not worrying about another 1929; but we do wonder whether a fairly serious recession may be in the making.

Some people are blithely happy about the future because they are so impressed by the enormous growth that lies ahead for the American economy. Now all of us are surely aware of the future promise of the American economy. What is more, we can be confident that our strong growth factors—and the anticipation of growth—will help to sustain economic activity over the years ahead.

Growth vs. Stability

On the other hand, we know that the mere existence of a big growth potential does not guarantee stability. After all, we had big growth potentials in 1920 and in 1929 too. Indeed, our entire history has been one of remarkable growth which has been interrupted from time to time by serious setbacks. We are still left with the question as to

whether we are now heading for such a setback.

To answer this question, we need to analyze what has been going on in our economy during the past six years. In 1950 we started to write a new chapter in our economic history. During the first phase of this new chapter, the economy was stimulated by the Korean war and the rearmament build-up. Now, after a brief readjustment in 1954, we have moved into a new phase, consisting of an old-fashioned peacetime boom. These two phases have much in common. Many trends have continued with little interruption since the new chapter began in 1950. It is clear that, as of today, the forces operating throughout the past six years have not worked themselves out in the form of a stable, well balanced economy.

Durable Goods Production

Looking at the record of these six years, we can see that economic expansion has received its chief impetus from the exceptionally high production of durable goods—plant and equipment, housing, automobiles, and the like. Now it is true, of course, that an expanding economy needs large quantities of durable goods. New patterns of living have been emerging; and it may well be that with the rapid growth of the middle-income group, the markets for housing and for automobiles have taken on new and much greater dimensions.

But the question remains: Is the durable goods boom durable? This question cannot be answered by pointing to unfulfilled needs for housing or to the public's passion for more cars and for more car per car. The durable goods section of our economy has always been a volatile one. Perhaps it has become less volatile now than formerly, but should we assume that it can now go only upward—and steadily?

In analyzing this question, the

fact stands out that the durable goods boom of the past six years has been accompanied by a huge expansion of debt. The rise in public borrowing, including state and municipal obligations, has not been great; but private indebtedness has expanded by almost \$160-billion, an enormous increase.

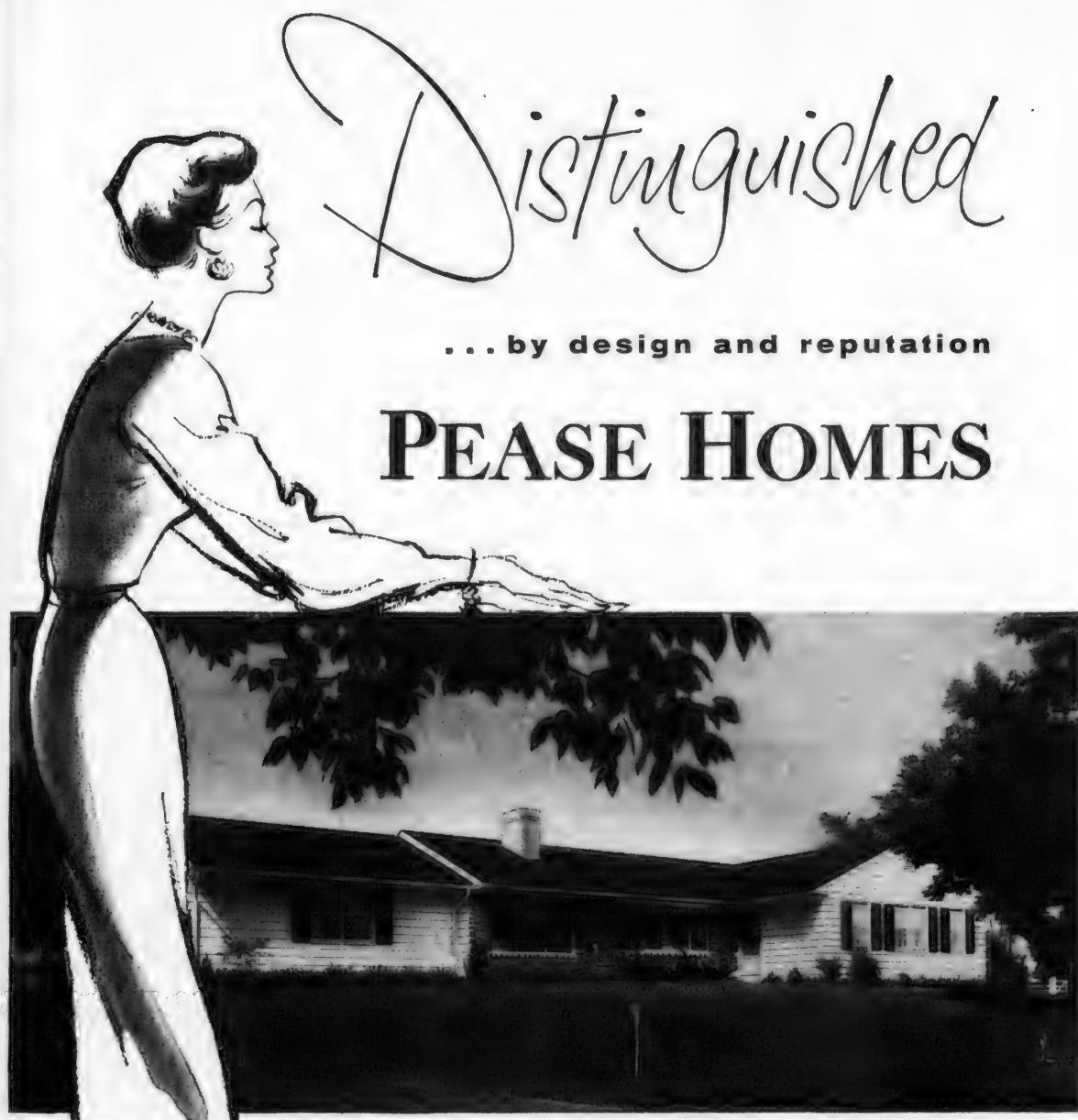
So Much More So Fast

The key factor in this picture has been a phenomenal rise in personal indebtedness; namely, consumer credit and residential mortgages. Since the end of 1949, consumer credit has increased by \$17-billion or 100%; and personal mortgage debt has increased \$47-billion or 126%. Total personal indebtedness has risen about \$65-billion or 118%. Never before have so many owed so much more so fast. In addition, this inflation of personal debt has been responsible for a large part of the expansion of borrowing by business concerns.

It is contended by some that personal indebtedness is not dangerously high at the present time. It is pointed out that people's incomes have risen substantially and that their debts are not excessive when related to personal disposable income, or especially if related to so-called discretionary income.

Now this question of whether personal debt has now become "too high" is one that can be argued all night. The crucial point is this: regardless of whether personal debt is now "too high," its *rate of increase* in recent years cannot possibly continue forever. No one can say just how long this rate of increase might be maintained—perhaps for a number of years—but sooner or later it inevitably must slacken. When that happens, there are bound to be repercussions in the durable goods industries and throughout the economy.

To put it differently, our present
(CONTINUED ON PAGE 16)



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... by design and reputation

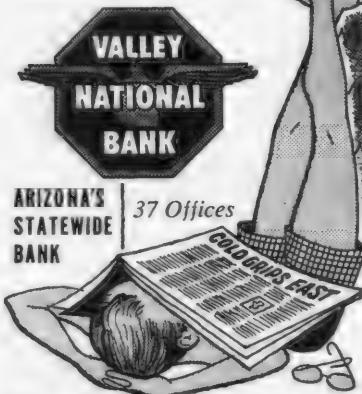
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(CONTINUED FROM PAGE 14)

prosperity has been powered by an increase in personal borrowing at a rate that cannot be sustained indefinitely. The question is how serious the shock to our economy will be when this rapid inflation of personal debt decelerates.

Will we achieve a fairly orderly transition to a slower rate of debt expansion that will sustain prosperity and growth but will not be inflationary? There are some indications that we may. In the field of mortgage credit, inflationary tendencies have recently shown some abatement. As for instalment credit, it is contended by some that the stimulus provided by the easing of terms is now about over. In the case of both of these types of debt, the rising volume of repayments will tend to slow down the growth of the totals.

Federal Reserve Policy

In addition, the Federal Reserve's policy of monetary restraint has helped to dampen inflationary pressures. Whenever the inflationists step up their criticism of the Federal Reserve, you can be pretty sure that our credit control machinery is operating as it should to combat inflation. We can be quite confident that it will continue to be helpful over the period ahead.

Some observers believe that monetary policy combined with the self-correcting tendencies at work in both mortgage and instalment credit will suffice to bring about a fairly satisfactory balance in the economy in the not-too-distant future. They may be right; and all of us, certainly, hope they will be.

But they could be wrong. We know from experience that self-correcting tendencies are not always reliable, to put it mildly. Moreover, even the most skillful monetary policy cannot assure economic stability. Indeed, we may be in danger today of placing too much faith in what the Federal Reserve can accomplish.

Demand for Stimulants

Much will depend, too, upon what is done to cushion the adjustment to a slower rate of debt expansion. As this adjustment proceeds, there will undoubtedly be pressures for the application of stimulants—demands for tax reductions and for increased government spending and

stimulation of residential construction. Also, if business recedes, Federal Reserve policy will doubtless shift in the direction of ease.

Now it may well be that some stimulants will be desirable during the adjustment period. However, if stimulants are carried too far, we may whirl off on a new extension of the boom, and one more inflationary than the present phase. This would mean building up to worse trouble later on.

Conclusions

What can we conclude? First, it seems clear that some destabilizing trends have developed in our economy. Now that our productive resources are being strained to capacity, the problems created by these trends are becoming more acute.

Somewhere along the road we are going to have to do some adjusting. It remains to be seen whether we will adjust smoothly. If we use restraint and common sense, there is no reason why this cannot be done. Perhaps there is some danger of slowing down too fast, but there would probably be greater danger in further sustaining unsustainable trends and thereby risking worse trouble later.

To sum up, our economy has been on a bit of a spree. So far the party has not become very wild. If we taper off fairly soon, we should be in good condition tomorrow. But if we prolong the party and keep on having just one more for the road, the after-effects may be very unpleasant.

The only person a man will allow to talk to him like his wife is a traffic cop.

The automobile companies can solve about every problem except parking.

Electrical appliances can do almost anything for a house but make it a home.

Historians tell us the past. Economists tell us the future. Only the present is confusing.

Facts for Bankers

About the Commercial Values of School Savings Programs

SCHOOL THRIFT PROGRAMS ARE POWERFUL BUSINESS BUILDERS

Although basically an educational program, School Thrift school savings programs are a proven new business tool of financial institutions coast-to-coast. Here are some of the ways they are of value to you:

A. All of the school accounts will have an opportunity to become regular accounts later. Surveys show that over 60% of School Thrift accounts will remain as regular accounts as the children become adults.

B. There is no other way of placing your name in each home each week than through the medium of School Savings.

C. The funds paid in are immediately available for your lending use.

D. At the end of the fourth or fifth year, with reasonable activity, your program will become self supporting.

E. A very large percentage of your new business will come as a result of your sponsoring a School Thrift program.

F. You are performing a civic service which will make your name a household word.

SCHOOL THRIFT PROGRAMS PAY OFF . . . say bankers coast-to-coast

"Nothing our bank has done received a more satisfying community reaction"

Mr. S. L. Jerpbak, President
Richfield State Bank,
Richfield, Minnesota.

"We find that the School Thrift, Inc., plan works well from both practical and educational viewpoints"

Mr. M. B. Fowler, Vice President
The Fidelity Bank,
Durham, North Carolina.

"Our Board of Directors and myself, personally, are proud to have given School Thrift service to our community for 25 years, and are pleased with the results"

Mr. Charles E. Gibb,
Executive Vice President
Berwyn National Bank,
Berwyn, Pennsylvania.

SCHOOL SAVINGS IS A THREE-WAY ENDEAVOR

The objective of the Thrift Educational Program in schools is to teach the adults of tomorrow the value of being thrifty, and the practice of regular savings. To do this properly takes the combined efforts of the parent . . . the school . . . and the financial institution.

The parent must explain to the child the practical reasons for saving; encourage regular savings. The school encourages proper thrift and savings habits through classroom talks, using School Thrift educational material, and collects individual money envelopes once a week.

Financial institutions set up the program, collecting the amounts saved from schools, and acting as depository for the funds.

SCHOOL THRIFT IS THE PREFERRED SCHOOL SAVINGS PROGRAM

School Thrift programs are simple . . . effective . . . inexpensive. They provide:

Complete, Integrated Program of School Savings, including all supplies required to service schools and financial institutions.

Elimination of All Teacher Detail. Passbooks are kept at home.

Personalized On-the-premise Installation by School Thrift, Inc., staff who supervise setting up the complete system in the financial institution and schools.

Annual School Assembly Programs consisting of Puppet Shows, Chalk Talks and Flannel Board Displays.

Continuous Educational Program to stimulate the interest of teachers, students and parents (lessons in money management, room posters, badges, films, leaflets, etc.).

Constant Contact to assure smooth and efficient functioning of the program.

Special Consultation Service as occasions and special situations suggest.

GET THE FULL FACTS TODAY!

LEARN how your institution, too, can benefit from School Savings through
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326 South Broadway
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Gentlemen:

Please send me your portfolio telling how School Thrift programs work, and how they can benefit my bank.

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Institution _____

Address _____

City _____ Zone _____ State _____

*This department is compiled by
THEODORE FISCHER of BANKING'S
staff.*

Add National Bank

MERVIN B. FRANCE, president of Society for Savings, Cleveland, has announced the formation of a new national bank. It will be known as THE SOCIETY NATIONAL BANK OF CLEVELAND, and will share offices in nine locations with SOCIETY FOR SAVINGS.

The announcement says that "The Society National Bank will serve the growing commercial banking needs of Greater Cleveland; while the 106-year-old Society for Savings will continue to serve the requirements of savings depositors."

Opening date of the new bank has not yet been announced. It will have \$5,000,000 capitalization and it is anticipated that it will begin operations with approximately \$40,000,000 in deposits.

Knight Retires

FRANCIS M. KNIGHT, senior vice-president of Continental Illinois National Bank and Trust Company, Chicago, retires as of December 31 after 35 years with the bank.

MR. KNIGHT started his banking career with General Dawes at the Central Trust Company of Illinois in 1915. At Continental he headed the bank's investment account and Government and municipal bond trading departments.

He has been active in the Savings



F. M. Knight



K. M. Sedgewick



Robert M. Boyd



C. Budd Heisler

Bond and War and Victory Loan drives, is a member of the A.B.A.'s Government Borrowing Committee, and teaches investments and central banking theory at The Graduate School of Banking at Rutgers University, New Brunswick, N. J., and the Central States School of Banking, Madison, Wis.

MR. KNIGHT will maintain an office at the bank's building and will serve as a financial consultant for a few businesses and estates.

K. M. SEDGEWICK has been named general manager of The Royal Bank of Canada, Montreal. As general manager he succeeds T. H. ATKINSON, vice-president and general manager, who has retired after 44 years with the bank.

ROBERT M. BOYD and C. BUDD HEISLER have advanced to vice-presidencies at Central - Penn National Bank of Philadelphia. JAMES NANOS and EDMUND WILLIAMS, JR., were promoted to assistant vice-presidents.

Celebrates 100th

THE ROCKVILLE (Ind.) NATIONAL BANK observed its 100th anniversary with an open house on December 7. The bank had its beginnings in 1955 as the Parke County Bank. In 1863, under the name of First National Bank in Rockville, it became the 63d bank in the United States to receive a charter under the provisions of the National Banking Act.

JAMES E. PATRICK, executive vice-president of Valley National Bank, Phoenix, Ariz., was subject of a feature recently in *Better Schools*, publication of the National Citizens Commission for the Public Schools. "Bankers are busy men," the story notes. "But an Arizona banker who obviously believes in community service along many lines is not too busy to devote much of his time to school improvement in the state." MR. PATRICK served as a committee-man on the planning and operation of Arizona's second state conference on education in October. "In that capacity," the article relates, "he brought all the knowledge and background gained as past chairman of the Arizona Lay Advisory Council to the State Department of Public Instruction — which was considerable."

This luncheon picture gives an idea of the size of the group which attended the recent conference of bank correspondents at The First National Bank of Chicago



Main Street



Stockton Green



C. A. Hemminger

STOCKTON GREEN was elected vice-president in charge of the administrative division of The New York Trust Company, New York. WILLIAM P. KAU became an assistant vice-president.

C. ARTHUR HEMMINGER was elected vice-president and public relations director of First National Bank in St. Louis. Before joining the St. Louis bank in June 1952, Mr. HEMMINGER had been public relations director of the New York State Bankers Association, and subsequently public relations director of American National Bank and Trust Company, Chicago. He's a member of the faculty of the New York State Bankers School of Public Relations at Syracuse University, and a national director of the Financial Public Relations Association. He is an alumnus of The Graduate School of Banking, class of 1946.

FIRST TRUST & DEPOSIT Co. of Syracuse, N. Y., has approved plans for completely modernizing the lobby area of its main office.

FRED L. DUNN has retired as board chairman of First National Bank and Trust Co., Tulsa, and is succeeded by R. OTIS MCCLINTOCK, who had been president for the past 27 years. R. ELMO THOMPSON was named president; E. F. ALLEN, vice-chairman of the board and chairman of the executive committee; RUSSELL F. HUNT, executive vice-president and member of the board; J. P. BYRD, JR., senior vice-president, was given the additional title of assistant

to the chairman of the board. MR. DUNN will continue as a director and as a member of the trust committee.

Plan Skyscraper

THE CHASE MANHATTAN BANK has announced tentative plans for a modern head office building surrounded by an expansive open plaza on a two-square block area in the heart of New York's financial district. Though plans have not yet crystallized, the building probably will be between 50 and 60 stories.

J. P. MORGAN & CO. INCORPORATED has concluded preliminary arrangements for acquisition of the 38-story office building at 15 Broad-35 Wall Street now owned by CHASE MANHATTAN. The Morgan bank has rented offices for years in the building, which is adjacent to its main office.

Meanwhile, plans are pending for the sale of Chase Manhattan's head



This "aerial view" showing block model of Chase Manhattan Bank's proposed project indicates approximate size and location only, since plans are not yet complete

office building at Pine and Nassau Streets to CHEMICAL CORN EXCHANGE BANK.

Plans to consolidate THE MERCHANTS NATIONAL BANK and the LOOP NATIONAL BANK, both in Mobile, and the PRICHARD NATIONAL BANK in nearby Prichard, Ala., have been agreed upon by the boards of directors of the three banks. Subject to all necessary approvals, plans are to consolidate on January 2 under the charter of MERCHANTS NA-

Jerome R. Scandiff, center, vice-president and cashier of the Madison Bank and Trust Company, Chicago, is shown on opening day presenting checks for his bank's A.B.A. and Illinois Bankers Association dues to, left, Wendell B. Trenchard, A.B.A. state vice-president and president of DeLand (Ill.) State Bank, and, second from right, T. Earl McNamara, vice-president of IBA and president of the Union National Bank of Streator, Ill. Looking on, Harold L. Shapiro, second from left, vice-president of Madison Bank and Trust Company, and, right, Horace S. French, A.B.A. regional vice-president and president of the Manufacturers National Bank of Chicago. Another Chicago bank made out its first checks on opening day for A.B.A. and IBA dues, the Fisher National Bank



This ad concerns every bank

This latest Home Insurance Company advertisement talks to people who own cars—your customers and ours.

It sells the importance of *quality* insurance coverage, and it's to the advantage of bank as well as borrower to specify the best insurance protection that can be had.

Your local agent of The Home Insurance Company will be glad to cooperate with you in every way he can. Get acquainted with him.

This advertisement appears in color in:

Time—Jan. 16
Newsweek—Jan. 16
Business Week—Jan. 21
U.S. News & World Report—Jan. 27
Town Journal—Jan.
Better Homes & Gardens—Feb.
American Home—Feb.
Nation's Business—Feb.

TIONAL with the Prichard and Loop banks to be operated as branches. Total deposits of the three banks as of the last call were in excess of \$111,000,000.

J. B. THOMAS, president and general manager of Texas Electric Service Company, Fort Worth, was re-elected a Class B director of the Federal Reserve Bank of Dallas. J. EDD McLAUGHLIN, president of Security State Bank & Trust Company, Ralls, Texas, was reelected a Class A director.

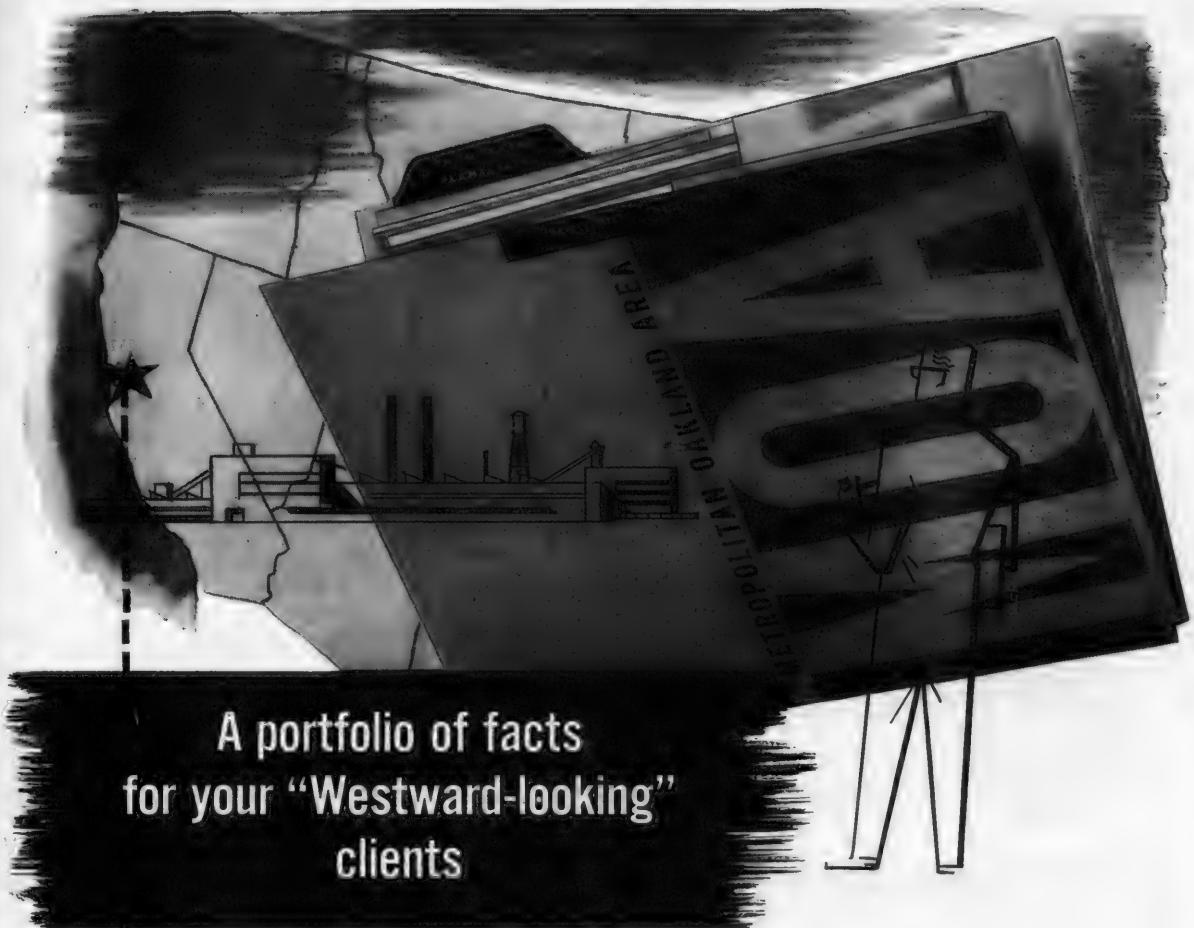
JOHN R. FITZGIBBON becomes a vice-president of First National Bank of Winona, Minn., on January 1. He has been assistant vice-president of the Hastings (Nebr.) National Bank. Both banks are affiliates of Northwest Bancorporation.

The Savings Bank Life Insurance Council of New York has elected these officers: *President*, FRED G. KRACKE, vice-president, the Lincoln Savings Bank of Brooklyn; *vice-president*, HENRY G. FICKEN, vice-president and comptroller, Jamaica Savings Bank; *secretary*, WILLIAM F. HAMILTON, assistant vice-president, Rochester Savings Bank; *treasurer*, JAMES EBERSON, assistant controller, Greenwich Savings Bank, New York City.

D. L. Chamberlain

DWIGHT L. CHAMBERLAIN, board chairman of the First National Bank & Trust Co., New Haven, Conn., died on November 30 at his home in nearby Hamden. He had worked for Dun and Bradstreet before joining the bank in 1917. He became president in 1944, and chairman of the board last January. MR. CHAMBERLAIN was a former president of the Connecticut Bankers Association and had been active in the A.B.A. as a member of its Executive Council and Federal Legislative Council.

HOMER J. LIVINGSTON was appointed by directors of the Federal Reserve Bank of Chicago to the Federal Reserve Advisory Council to represent the Chicago district. MR. LIVINGSTON, president of the First National Bank of Chicago and immediate past president of the American Bankers Association, succeeds (CONTINUED ON PAGE 22)



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This is as it should be, because the bank check is the instrument of the public and constitutes the personal currency of the individual. His name and address should be imprinted in tasteful balance and should look as attractive as the title of the bank on which the check is drawn. We cannot overemphasize this because, as we

pick up momentum on the road towards automation and start using account numbers or codes for check processing, there may be a tendency to think of the check as being only a functional instrument and overlook the significance of quality imprinting of the customer's name and address.

As a matter of fact, we have already seen some pretty poor imprinting and there is no reason for it. Obviously, any printed name is more legible than a scrawled signature even if done with a rubber stamp, but when over the years real quality has been achieved, there is no point in offering anything else to the public. So let's keep our eye on quality. Regardless of what we have to imprint on checks to conform to mechanical needs, let's continue to give the check user the quality he has become accustomed to getting. At DeLuxe this will continue to be our objective.



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Handsome, modern design typifies all MP models.
Designed for speed, accuracy and simplicity of operation so you can give faster customer service. Parts and workmanship guaranteed.

MP Jr. Coin-Changer. Over 5,000 in use today, in all 48 states. Sturdy aluminum with handsome grey hammertone finish. Removable tray with inside storage box. Capacity \$125—pennies through half-dollars. Size: 8" x 10" x 6 1/4". Weighs 9 lbs. Rubber feet protect counters. **\$63 plus tax.**

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MP Coin-Master. A completely automatic changer. Features new 19-key keyboard that is quick and easy to use. Make any change instantly by pressing 1 or 2 keys. Sturdy aluminum with handsome grey hammertone finish. Rust-proof steel parts. Capacity \$100. 18 lbs. 11 1/2" x 12" x 9". Tilt cup or roll-out either side. Rubber feet protect counters. **\$245 plus tax.**

MP Coin-Holder. Sturdy aluminum with handsome grey hammertone finish. Holds almost 2 rolls of each type coin. Top section holds 10 silver dollars. Capacity, \$80. 5 1/2" x 6 1/4" x 5". 4 lbs. Rubber feet protect counters. **\$11.95.**

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MAIN STREET (Continued)

EDWARD EAGLE BROWN, chairman of The First National Bank of Chicago. He has represented the Chicago district for the past 20 years and for the last 10 years has been president of the Council.

HARRY T. KILPATRICK, vice-president in charge of the correspondent banking department of Girard Trust Corn Exchange Bank, Philadelphia, retired on December 31.

FREDERICK D. FLAHERTY, **W. PUTNAM LIVINGSTON**, and **THOMAS E. SIME** were elected vice-presidents of Bankers Trust Company, New York.

ILLINOIS STATE BANK of Quincy is undertaking a \$150,000 construction program which involves additions to the building and to the motor banking and parking facilities.

The **FOURTH NATIONAL BANK** of Columbus, Ga., opened the doors of its new \$750,000 home on the day before Thanksgiving, and 10,000 visitors came. The new building includes a modern motor bank with space for 10 cars to park under shelter. On display on opening day were five antique automobiles dating from 1900 to 1910, plus 15 new cars furnished by local dealers.

Receives Commission

SECRETARY OF STATE John Foster Dulles on the day before Thanksgiving presented a Presidential commission to **HERBERT V. PROCHNOW**, the new Deputy Under Secretary of State for Economic Affairs. MR. PROCHNOW had assumed the duties of the office several weeks ago, but formalities were postponed until Secretary Dulles had returned from the Foreign Ministers Conference at Geneva.

MR. PROCHNOW succeeded **SAMUEL C. WAUGH**, who resigned to become president of the Export-Import Bank of Washington.

The new Deputy Under Secretary comes to the Government from the First National Bank of Chicago, where he was for a number of years vice-president in charge of foreign operations. He's well known to bankers everywhere. He's director

(CONTINUED ON PAGE 24)

only AIRTEMP WATERLESS



"Packaged"
Air Conditioning
can give you all
of these big advantages!

1 100% Waterless Cooling—Airtemp *waterless* packages use no water whatsoever—only air and electricity. You never have to worry about summer water shortages!

2 Quieter Cooling—in most installations, the Airtemp condensing unit can be remotely located—on roof, in storage room, basement, or outside building. All sound of air conditioning is kept outside the area to be cooled!

3 Costs Less to Operate—no water bills to pay for air conditioning the Airtemp *waterless* way! And years-ahead Chrysler engineering in every detail is your assurance of highest operating efficiency.

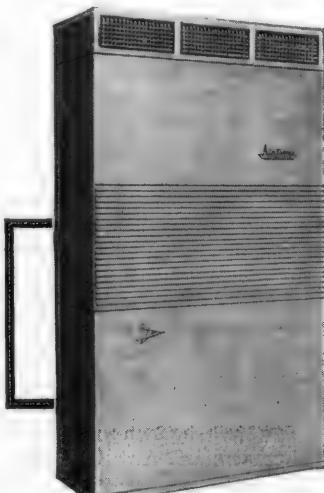
4 Costs Less to Maintain—no water leaks, no water scale problems. No cooling tower "clean-outs" because no cooling tower is necessary. And a longer-life of trouble-free service is built

into the famous sealed Airtemp radial compressor which operates without vibration.

5 Greater Flexibility of Application—versatile, matched units in the broad Airtemp *waterless* line may be installed in a variety of ways to provide the best answer to every application problem.

6 Expert Installation and Service—your nearby Airtemp Dealer is a factory-trained air conditioning specialist. You can rely on him to install your equipment properly. And, long after the job is done, you can rely on him for prompt, efficient service.

7 Guaranteed Dependability—all Airtemp "Packaged" Air Conditioners are precision-engineered. Each unit is factory-tested before shipment. And dependability is further guaranteed by a 5-year warranty on the entire refrigeration circuit!



Phone your Airtemp Dealer now
(he's listed in the Yellow Pages) for
free survey of your air condition-
ing requirements. Or write Airtemp
Division, Chrysler Corporation,
Dayton, 1, Ohio.



the really complete line for '56!

Airtemp gives you a big choice in both waterless
and water-cooled packaged air conditioners.
13 sizes from 2 H.P. to 30 H.P.

AIR CONDITIONING • HEATING FOR HOMES • BUSINESS • INDUSTRY

MAIN STREET (Continued)

of the University of Wisconsin's Central States School of Banking, is author of numerous books on banking and other subjects, and has contributed to many publications, BANKING among them.

FARMERS & MERCHANTS BANK, Menomonee Falls, Wis., held a two-day open house to show its new addition to its building and the parking lot with drive-in window. There was organ music, souvenirs and according to the invitation: "Oh, yes, we have samples, too." There was no banking business conducted on the two-day celebration, but the whole staff was on hand for escort duty. And a pictorial booklet giving the history of the bank was published for the occasion.

Memory Rewarded

RUBY HENDERSON, assistant cashier of the Bush City (Kans.) State Bank, was awarded \$300 by the Kansas Bankers Association because of a good memory.

When the bank was robbed by three young men, MISS HENDERSON framed their complete descriptions in her mind. This wasn't easy, for the bandits forced her at gunpoint to lie on the floor. Nevertheless, her descriptions were so complete that two Missouri Highway Patrolmen a few minutes later listened to a broadcast, spotted a car with occupants fitting the descriptions, and

Top officer line-up at Fifth Third Union Trust Co., Cincinnati, left to right: G. Carlton Hill, president; John J. Rowe, chairman, Robert A. Cline, vice-chairman



made the arrests. The bandits have been sentenced to 10 years each in Federal prison.

Six other persons have been rewarded also by the Protective Committee of the Kansas Bankers Association for solving a bank burglary case.

DAVID MORRISON, cashier of the Hillside (N. J.) National Bank, has been promoted to assistant vice-president, a newly created title.

The PHILADELPHIA SAVING FUND SOCIETY celebrated its 139th birthday on December 7 with an open house from 5.30 to 8 P.M.

R. W. PRIOR has joined First Western Bank and Trust Company, San Francisco, as a vice-president. He had been with an industrial firm for the past three years, but previously had 23 years of branch banking experience in California.

Part of the estimated 35,000 persons who attended the open house of LaSalle National Bank, Chicago. The event celebrated the bank's 15th anniversary at its present location and completion of an enlargement and remodeling program. Over 42,000 souvenirs were given away, including ball point pens, roses, ladies' rain caps, ashtrays, perfume



Changes at Fifth Third

The Fifth Third Union Trust Co., Cincinnati, has announced these changes in its upper echelons: JOHN J. ROWE, president since 1934, was named chairman of the board and continues as chief executive officer; ROBERT A. CLINE, formerly senior vice-president, was named vice-chairman; G. CARLTON HILL, a vice-president since 1936, was named president.

LAKE VIEW TRUST AND SAVINGS BANK, Chicago, has published a nifty booklet with the self-explanatory cover: "It has been a wonderful 50 years . . . and we thank you."

FRANK T. MITCHELL, a vice-president of the First National City Bank of New York, has been named also deputy manager of the bank's overseas division. He has been in charge of the South American district at the head office and is succeeded in that assignment by ROBERT M. FRANKE, who was appointed vice-president. Three men currently resident abroad in charge of branches were named vice-president: ROBERT J. BREYFOGLE, London; JOHN B. ARNOLD, Argentina; and WILLIAM H. BEATTIE, Brazil.

JAMES M. KEMPER, JR., was elected president of the Commerce Trust Company, Kansas City, Mo. He's the fourth generation of his family to serve with the bank, and became president at the age of 34. His father, JAMES M. KEMPER, SR., now board chairman, was promoted to president at the age of 31, exactly 30 years earlier to the day that his son achieved the same post. JOSEPH C. WILLIAMS and ARTHUR B. EISENHOWER were named vice-chairmen of the board. MR. WILLIAMS, well known in banking and civic circles,

(CONTINUED ON PAGE 26)



Mat-operated Pittcomatic door openers were selected for this entrance of The Bank for Savings, New York City; Architects: Alfred Hopkins & Associates, New York, N.Y.

How to open your bank to increased business

Bankers from one end of the country to the other have proved to their profit that installing a Pittcomatic—"the nation's finest automatic door opener"—not only pleases their present depositors and expedites traffic, but also actually attracts worthwhile new business.

With the Pittcomatic, doors open at a touch. This automatic door

opener operates on a simple hydraulic principle. It is extremely compact. No critical adjustments are necessary. After the controls are set, the unit requires no further attention. Entirely self-contained, the Pittcomatic is a double-acting hinge. There is no visible operating mechanism. Its one-third horsepower motor runs on regular house cur-

rent, consumes as little electricity as the ordinary home refrigerator.

This unit is available for *handle* or *mat* operation. Mat operation is particularly suitable for entrances where remote activation is desirable. For the full story on the Pittcomatic door opener, why not fill in and return the coupon? This does not obligate you in any way.

PITTCOMATIC®

...the nation's finest automatic door opener



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS • FIBER GLASS

PITTSBURGH PLATE GLASS COMPANY

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED

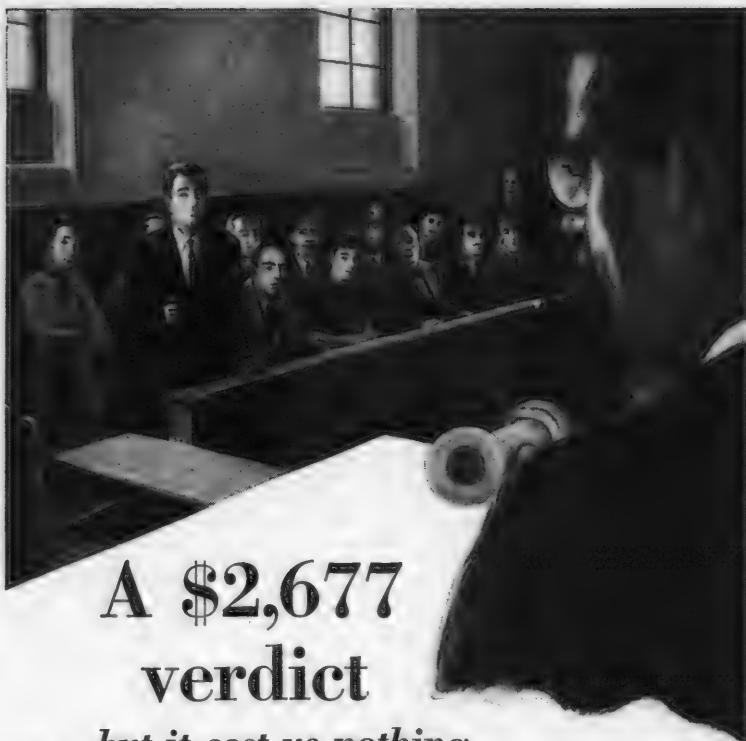
Pittsburgh Plate Glass Company
Room 6113, 632 Fort Duquesne Blvd.
Pittsburgh 22, Pa.

Without obligation on my part, please
send me complete information on the
Pittcomatic door opener.

Name

Address

City State.....



A \$2,677 verdict

... but it cost us nothing

(Based on Company File #71L8540)

One of our men had been injured on a contract job we handle for a public utility company. It was months before he could work again.

Of course, he got Workmen's Compensation. But, not satisfied with that, he sued the utility company for \$25,000 damages.

The court awarded him \$2,677, which the utility's insurance carrier paid. *And then we got a surprise.* The utility's insurance company sued us to recover the money! Their claim was based on a "hold

harmless" clause in our contract with the power company.

They won their case. The verdict could have cost us \$2,677 plus considerable legal expense. However, our Hartford Agent had been careful to write our Liability insurance to include proper coverage for contractual liability exposures.

So we had no problem. The Hartford Accident and Indemnity Company handled the whole situation. They defended the suit . . . paid the loss . . . met all legal costs.

Unusual and complex phases of insurance constantly crop up in today's business relationships. The customers of your bank should be prepared for them.

And they can be—if their liability insurance requirements are handled through a thoroughly experienced insurance agent or broker. He will be alert to technical angles. *And he will wisely place their policies in a company experienced in providing Liability protection in all its varied forms.*

For competent, dependable insurance service, refer your customers to their Hartford Agent. Or have them ask their insurance broker for *Hartford* coverage.

Year in and year out you'll do well with the

Hartford

Hartford Fire Insurance Company

Hartford Accident and Indemnity Company

Hartford Live Stock Insurance Company

Citizens Insurance Company of New Jersey . . . Hartford 15, Connecticut

New York Underwriters Insurance Company . . . New York 38, New York

Northwestern Fire & Marine Insurance Company

Twin City Fire Insurance Company . . .

Minneapolis 2, Minnesota



MAIN STREET (Continued)

heads The National Bank in North Kansas City. MR. EISENHOWER, oldest brother of the president, has been chief loan officer and is recognized as a national authority on flour and grain financing. He is president of the Plaza Bank of Commerce, Kansas City.

E. L. BLAINE, JR., senior vice-president of Peoples National Bank of Washington, Seattle, was elected vice-president for the Fifth Washington State International Trade Fair to be held in May in Seattle.

MARSHALL A. FULLER, board chairman of the First National Bank of Fort Worth, retires as of December 31.

WALTER W. SCHROEDER has been named president of the First National Bank of Lafayette, La., succeeding A. DENNIS LANDRY, who advanced to vice-chairman of the board. Mr. SCHROEDER had been vice-president of the First National Bank of Dallas in charge of its correspondent bank department.

COLONIAL TRUST COMPANY, Waterbury, Conn., has opened a new motor bank with two drive-in windows, a walk-up window, and 24-hour depository.

THOMAS W. SEFTON, vice-president of the San Diego (Calif.) Trust & Savings Bank, has been appointed to the National Board of Field Advisers for Region XIV of the Small Business Administration by Wendell B. Barnes, national SBA Administrator.

C. WILLIAM BORCHERS was elected president of the North Side Savings Bank, New York, succeeding the late Fred Berry. Mr. Borchers, who had been executive vice-president, is the fourth president of the bank with which he began his career in 1919.

Thomas W. Sefton



C. W. Borchers





B. W. Romefelt



Wm. S. Miller

WILLIAM S. MILLER and B. WALTON ROMEFELT were promoted to vice-president by the Chase Manhattan Bank, New York.

M. J. RAUB was advanced to the presidency of The Farmers & Merchants State Bank, Logansport, Ind., to succeed the late A. W. STRANTZ. ELMER L. FOUTZ was promoted to vice-president; MARK W. SMITH became cashier. MR. RAUB is the third generation of his family to serve as a bank president—his grandfather, Jacob Raub, was president of the Bank of Chalmers, Ind., and his father, George A. Raub, was president of Farmers & Merchants at Logansport until his death in 1949.

THOMAS KEATOR, vice-president of the Marine Midland Corporation and administrative vice-president of The Marine Trust Company of Western New York, Buffalo, has retired after 32 years with these organizations. He was in charge of bank investments.

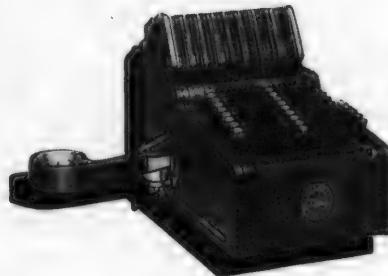
Opening of the new branch office of ROOSEVELT SAVINGS BANK, Brooklyn, N. Y., attracted more than 13,000 persons who opened 9,684 savings accounts, with deposits totaling over \$540,000. This is the first branch for the bank which is 60 years old.

HENRY M. WHITE, vice-president of The National Bank of Tulsa, Okla., has resigned to enter Yale Divinity School, New Haven, Conn.

Prior to holding an open house for the general public, the SECOND NATIONAL BANK of Cumberland, Md., held a family dinner party and informal inspection of its new and enlarged quarters. Employees, officers, directors, stockholders, and their wives attended.

INDUSTRIAL NATIONAL BANK—Detroit has consolidated with MANU-

Why Banks install



MODEL 250
BRANDT AUTOMATIC CASHIER

Delivery chute type. Coins delivered direct to customer upon depression of a single key.



MODEL 150
BRANDT AUTOMATIC CASHIER

Trap door type. Coins delivered to customer by operator following depression of a single key.

Brandt Automatic Cashiers are installed by banks because of the time they save — the accuracy they assure — the improved service that can be given to customers

and

because periodic servicing is entirely unnecessary.

Brandt Automatic Cashiers very rarely require service attention because of their sturdy and fine construction. Only high quality materials and workmanship are incorporated in these machines.

BRANDT AUTOMATIC CASHIER CO.
WATERTOWN *Established 1890* WISCONSIN

"Brandt" and "Cashier" registered United States Patent Office and Canadian Trade Marks Office

Quarterly Dividend

A welcome dividend is paid each quarter to client banks in the form of a free portfolio containing newspaper, spot radio, bus card, counter card, poster and billboard advertising materials to help banks obtain a greater volume of **THRIFTICHECK** accounts.



THRIFTICHECK is the complete, dignified, successful plan of low-cost, no-minimum-balance checking. Its popularity is proven by millions of **THRIFTICHECK** customers in more than 700 communities across the nation.

Exclusive **THRIFTICHECK** rights are granted to but one bank in an area. In addition to furnishing complete advertising and promotional material quarterly, **THRIFTICHECK** provides all operating supplies, and on-the-premises imprinting equipment with (optional) patented name tube library system—all without investment by client banks. Smooth functioning is assured whether a no-minimum-balance plan is being installed for the first time, or a changeover is being made from an existing plan. For full details, write

THRIFTICHECK SERVICE CORPORATION

100 Park Avenue • New York 17, New York

FACTURERS NATIONAL BANK of Detroit. MANUFACTURERS now has 33 offices; total resources exceed \$750,000,000.

HUGH A. LOGAN has joined the St. Louis Union Trust Company as a vice-president. He was formerly vice-president in charge of the St. Louis office of Marsh & McLennan, Inc., pension actuaries and insurance brokers.

ROBERT V. FLEMING, chairman of the board of the Riggs National Bank, Washington, D. C., has been reappointed to the Federal Advisory Council for the Fifth District. With the exception of 1946, MR. FLEMING has been a member of the Council since 1942; vice-president of the body since 1950.

A 22-page special section of the *Reporter-News* heralded the opening of the new building of the CITIZENS NATIONAL BANK of Abilene, Texas.

BRUCE H. MACLEOD was named president and chief executive officer of the Union Trust Company, Springfield, Mass., succeeding FOSTER W. DOTY, who becomes chairman of the board. WILLIAM A. LIESON was named executive vice-president.

MADISON BANK AND TRUST COMPANY, Chicago, has installed a Dow-Jones news ticker in its lobby as a public service.

J. WILBUR LEWIS, president of Union Dime Savings Bank, New York City, has accepted chairmanship of the savings bank division of the fund raising drive of George Junior Republic.

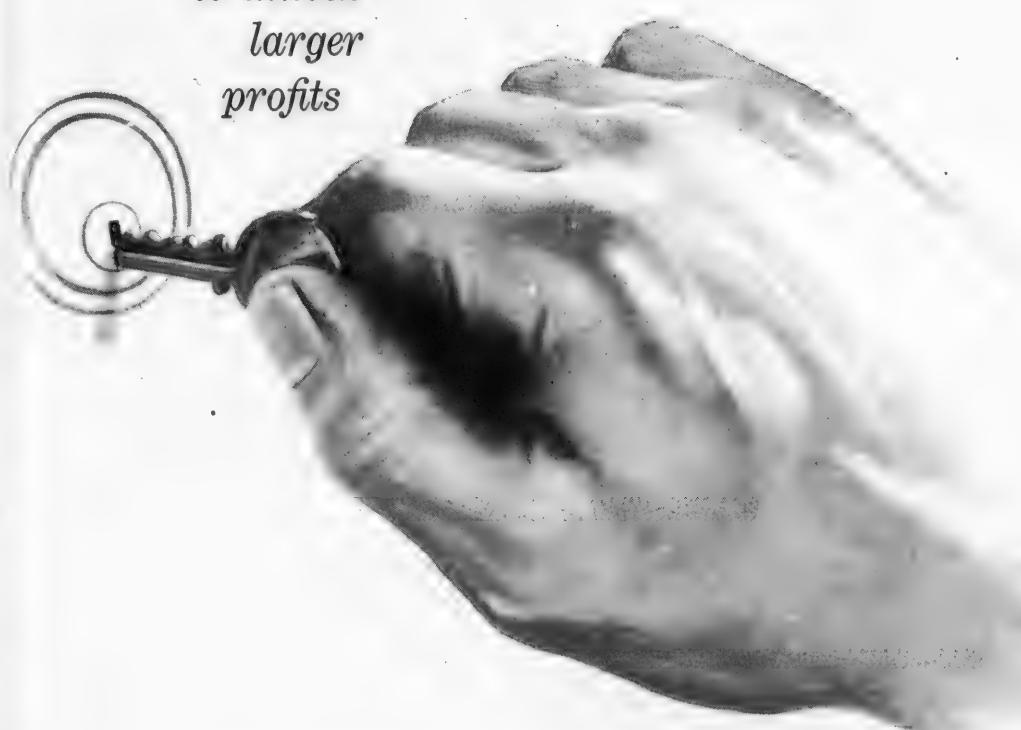
JOSEPH B. KOVARIK has been named trust officer and counsel for the Lawndale National Bank of Chicago.

W. HOWARD LOWE, vice-president of the Long Island Trust Company, was appointed manager of the bank's new Stewart Manor (N. Y.) branch.

The United Fund for Houston and Harris County, Texas, was oversubscribed by \$35,000. Its goal was \$4,533,457. General chairman of the campaign was ROBERT W. KNEEBONE, vice-president of The National Bank of Commerce, Houston.

(CONTINUED ON PAGE 30)

Use
this key
to unlock
larger
profits



Success in management today means improved methods of communication. Royal McBee machines, methods and systems should be high on the list of implements which *activate* your facts and figures.

How? Perhaps with the excellence of every "Royal" typed letter leaving your office. Or possibly with the custom-designed and timely McBee operating report which reaches your desk in time to capitalize on opportunity, or rectify a fault.

Either or both—American businessmen are finding that Royal McBee machines and methods are unlocking larger profits . . . helping to curtail costs.



ROYAL MC BEE CORPORATION

2 Park Avenue, New York 16, N. Y.

January 1956

| SUMMARY OF RESULTS | | |
|---|--|---------------------|
| | <u>Three Months Ended October 31st</u> | <u>1955</u> |
| | | <u>1954</u> |
| Income from Sales of Products, Services, etc. | <u>\$22,782,404</u> | <u>\$17,362,971</u> |
| Net Profit after Depreciation but before Federal Taxes on Income \$ 3,132,697* | \$ 654,820 | |
| Provision for Federal Taxes on In- come | <u>1,565,360</u> | <u>335,653</u> |
| Net Profit after Depreciation and Provision for Federal Taxes on Income | <u>\$ 1,567,337</u> | <u>\$ 319,167</u> |
| Earned per Share—Common Stock. | \$ 1.10 | \$.17 |
| * Note: Includes non-recurring income of \$378,644, resulting from an award in litigation. | | |
| (Subject to year-end adjustments and audit) | | |

MAIN STREET (Continued)

The first orchid show ever held in Waycross, Ga., was the recent exhibition in the lobby of the FIRST NATIONAL BANK. At the conclusion of the show, the orchid blooms were distributed to the people attending.

When FIRST NATIONAL BANK of Mount Vernon, N. Y., invited the public to inspect its new drive-in and walk-up facilities, the invitation was taken seriously. Some 9,000 visitors came. There are two drive-in windows, one walk-up, and ample parking space, with direct access to the main banking floor.

Dallas Chapter, American Institute of Banking, has completed arrangements for housing the Chapter library in the Dallas Public Library.

ALBUQUERQUE (N. Mex.) NATIONAL BANK has a Sidewalk Superintendents' Club at the site of its new building, now under construction. Each member received a membership card and a book of 24 numbered tickets. The tickets are deposited month by month in a box at the bank. A monthly drawing brings one participant a \$50 Savings Bond "for service as an active Sidewalk Superintendent." Holder of the lucky ticket in October 1957, at completion of the building, gets a \$500 savings account as a grand prize.

FARMERS BANK of the State of Delaware, Dover, has established a

Sidney Maestre, center, and David R. Calhoun, Jr., right, receiving St. Louis Award from the Rev. Alphonse M. Schwitalla, S.J., at ceremonies at St. Louis City Hall



quarter century club. Twenty men and women received gold watches, suitably engraved. Over 686 years of continuous service is represented by the group. Two members, JOHN G. TOWNSEND, JR., and THOMAS B. DONAHOE, have been with the bank for over 50 years.

HARVEY P. EVEREST was elected president of The Liberty National Bank and Trust Company, Oklahoma City, Okla. He has served on the bank's board of directors for the past nine years and on the executive committee for two years.

WILLIAM A. DICKINSON, JR., secretary and assistant treasurer of the Middletown (Conn.) Savings Bank was honored recently in his home town by a "Bill Dickinson Day" celebration.

When Marquette National Bank, Minneapolis, built its new multi-level parking ramp, it included four walk-up windows for added convenience



Bankers Share Honor

Two St. Louis bankers shared their city's highest honor when they were awarded jointly the 1955 St. Louis Award for outstanding service. They are SIDNEY MAESTRE, board chairman at Mercantile Trust Company, and DAVID R. CALHOUN, JR., president of St. Louis Union Trust Company.

The award was for "Acceptance of a major community responsibility" in connection with promoting the \$110-million bond issue for civic improvement. The bond issue was overwhelmingly approved by St. Louis voters.

ROGER F. MURRAY has resigned as vice-president of Bankers Trust Company, New York, to become associate dean of the Graduate School of Business at Columbia University.

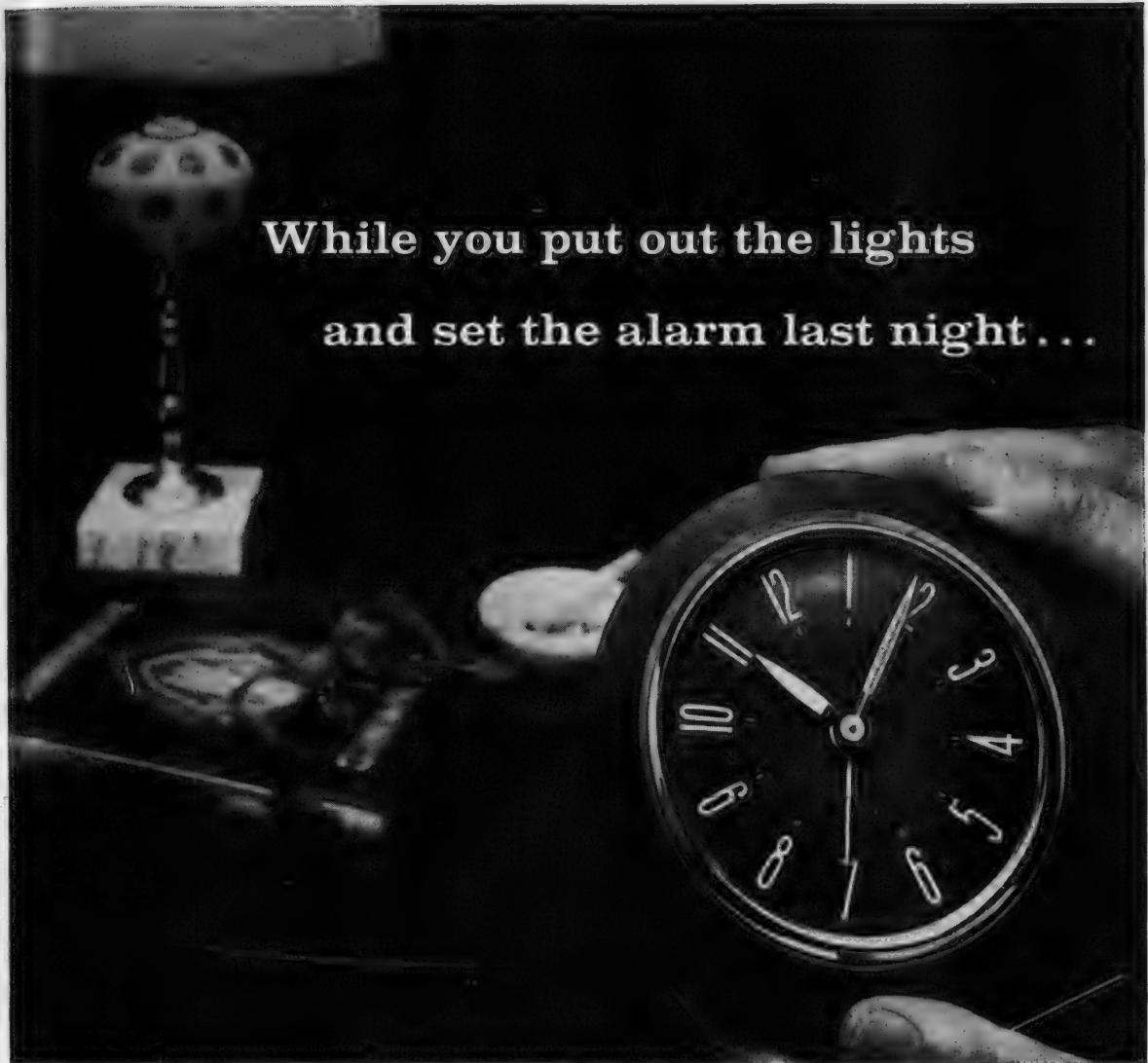
CHARLES B. TURNER was advanced to cashier and named office manager in charge of operations of The Bank of Georgia, Atlanta.

PENINSULA STATE BANK, Tampa, Fla., has completed its fourth expansion program in six years.

Promotions at the Federal Reserve Bank of Boston: D. HARRY ANGNEY, vice-president; JOHN E. LOWE, cashier.

VALLEY NATIONAL BANK, Phoenix, Ariz., will open its 39th office in Show Low, the northeastern Arizona community named by the turn of a playing card. Manager will be LAMAR WALKER, who, at the age of 28, will be the youngest manager in the Valley Bank system.

(CONTINUED ON PAGE 93)



While you put out the lights
and set the alarm last night...

Continental Illinois' night staff processed 1770 cash items

Let's just suppose that—last night—closing your book, winding the clock, turning the sheets down and the lights out, took you five minutes.

In those brief five minutes, this bank processed almost 1800 cash items!

(That's estimated from the total volume of work done on an average night from 11 p.m. to 7 a.m. by our night force.)

What does speed like this mean?

Earliest possible presentation!

It means that many checks air-mailed to us in the afternoon by correspondent banks from coast to coast become available funds the *following morning*.

That we're proud of such service isn't the point. That our correspondents are very happy with it is!

CONTINENTAL ILLINOIS NATIONAL BANK

and Trust Company of Chicago

Lock Box H, Chicago 90

Member Federal Deposit Insurance Corporation



It's tough to start as a stranger —

*but you're never
a stranger at . . .*

THE PHILADELPHIA NATIONAL BANK

Organized 1803

PHILADELPHIA 1, PA.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The OUTLOOK and CONDITION OF BUSINESS

THE year is opening on a high note, but so did 1955, as a few recall who have the temerity to mention those forbidden numbers.

The prevailing opinion, according to many surveys and expert estimates, is that 1956 will be as good as 1955, or better. Some hedge their enthusiasm with a six-months' cancellation clause, but the great majority just feel happy and don't mind saying so.

The chief dissenters are automobile distributors with long inventories, farmers with long surpluses, people with long memories, and those in various branches of the political industry who have rather long faces, waiting for the Word.

Pros and Cons Look Alike

Business is planning to spend more, consumers are planning to spend more, and the Government is planning to spend more. These are the reasons for confidence.

Oddly, the reasons for caution are practically the same. The factors cited by the optimists are much like those mentioned by the people who shake their heads over the outlook and look thoughtfully at the ceiling.

Summing up a recent business outlook conference, Chairman Edward E. Brown of the First National Bank of Chicago said:

"My experience has been that whenever people, almost without exception, get very optimistic, something always happens. Perhaps the year ahead will be an exception, but personally I am skeptical about the present universal optimism and think something will happen. What, I do not know."

The resemblance between the positive and negative factors is not an illusion. Most of the commonly mentioned elements shaping the business outlook are inflationary in fact or effect. The difference of opinion exists because some feel the resulting pressures can be controlled and others are not so sure.

The answer rests largely with those who do the controlling, and today there is confidence in the competence of those handling this particular helm. As long as this continues we have something like a substitute

for the gold standard, but we know from what happened this past fall how precarious it is to hitch our national wagon to the health and infallibility of an individual.

Just where statistics and mechanical controls end and psychology begins in determining the business outlook is a question that goes far back in history and will never be answered. A famous bank economist of earlier this century, the late George Roberts, told a friend about an experience he had addressing a farm audience during the Bryan era, when confidence in the dollar was a big issue.

He noticed in the hall a man with an impressive beard reaching almost to his lap and thought to himself, "if trouble starts it will be right there." Sure enough, the man with the beard, who happened to be Senator Pfeffer of Kansas, rose and said, "Young man, are you going to tell these honest, God-fearing Americans, toiling for their livelihood on God's footstool, in this garden spot of the world, that if the United States stamps one dollar on a piece of paper, that paper is not worth a dollar here and throughout the universe?"

"Sir," said Mr. Roberts, "I don't have the honor of your acquaintance, but may I suggest that if you cut off that handsome beard, wrap it up neatly, and have the Government stamp it as genuine hay, do you think that any mule in the country would eat it?"

Business Spending

According to surveys by Government and private agencies, the outlays for plant and equipment in the first quarter this year will be at an annual rate of between \$31- and \$32-billion. The rate in the final quarter of 1955 was \$29.5-billion.

Operation Home Improvement

While construction as a whole is rising, new housing starts are declining. Home builders are a little more optimistic than they were last autumn, because they expect their "Operation Home Improvement" to help fill the gap. This is the nationwide campaign sponsored jointly by the manufacturers, distributors, and pub-

(CONTINUED ON PAGE 150)

Bank Holding Company Legislation, and Competition

Arguments Against the Need for Legislation Now Pending

F. N. BELGRANO, JR.

MR. BELGRANO, who is chairman and president of Transamerica Corp., began his banking career as a messenger and has been an officer in various West Coast banking institutions. For several months in 1945-46 he was financial adviser to the U. S. High Commissioner to the Philippines. In 1934-35 he was national commander of the American Legion.

THE article by Senator A. Willis Robertson appearing in the November issue of BANKING has rendered a valuable service in publicizing and explaining the provisions of the pending Senate bank holding company bill, S. 2577. It is very significant, however, that the article does not establish any need for the proposed legislation and in fact makes no effort to deal with this basic question. Moreover, it fails to point out that the effects of this bill would actually create monopolistic conditions in many states and lessen competition in the field of banking. These are basic issues which should not be ignored. They go to the very heart of this legislation and, when understood, make enactment of the bill or any bill like it unthinkable.

So far as need is concerned, there is universal recognition that bank holding companies have been doing a good job and that their banks are efficiently managed and safe. There has been no complaint from any depositor or from any borrower. Over

the 20 years or more that such legislation has been pending in various forms in the Congress, dire predictions have been made concerning the evils and effects of bank holding company operations, but none of these has come to pass. It is not a proper basis for legislation to put through a bill simply to quiet constant agitation by special interests, particularly when that bill contains many discriminatory provisions.

So far as the competitive questions are concerned, these also have received little attention in the Congress. The plain fact of the matter is that, while we have vigorous

competition between all types of banking, the proposed legislation results from insistent demands from one segment of the business to be protected against the more efficient operations of another segment of the business. This is un-American, contrary to our basic concepts of free enterprise, and in the long run is a very dangerous and far reaching feature of the present controversy.

The fight over this legislation is to a large degree one between reputable but competing members of the banking community. If we cut through the veil of assertion and counterassertion, generalization and countergeneralization, which have plagued discussion of bank holding company legislation, we shall find that the real bone of contention is whether bank holding companies have an advantage over their competitors and, if so, whether this advantage is "unfair" so as to justify Congressional intervention. Let us take a look at the facts.

The first reason generally given in favor of this legislation is that bank holding companies are monopolistic. What proof of this exists? There is none. The facts are that bank holding companies covered by S. 2577 control less than 8% of the banking business in this country. This percentage has been declining. For instance, where my own company, Transamerica Corporation, once controlled the Bank of Amer-

(CONTINUED ON PAGE 36)

Mr. Belgrano



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The House Bank Holding Company Bill

*The Chairman of the House Banking Committee
Points Up the Differences Between H.R. 6227 and S. 2577*

CONGRESSMAN BRENT SPENCE

The author is a Democratic Congressman from Kentucky and chairman of the House Banking and Currency Committee, a position he has held since 1943 whenever the House has been organized by the Democrats. REP. SPENCE first entered the House when the 72nd Congress convened in December 1931.

LEGISLATION to regulate bank holding companies has been before Congress for many years. During this time, differences between the views of the interested groups have been greatly narrowed. In the present Congress, this legislation has progressed further than in any previous Congress. By a vote of 371 to 24, the House has approved a bank holding company bill, H. R. 6227, which I introduced. It is expected that the Senate will act soon on another bank holding company bill, S. 2577, introduced by Senator A. Willis Robertson, which the Senator discussed in the November issue of **BANKING**.

In many respects S. 2577 is closer to H.R. 6227 than any bill previously considered by the Senate committee. I am pleased, of course, with the similarities in the two bills, and with the progress being made toward enactment of much-needed legislation regulating bank holding companies. But there are basic differences between the two bills which have led some of the friends of this legislation to describe S. 2577 as "rather worse than nothing at all."

I would like to comment briefly on these differences and explain why I am convinced that the main features of the House bill must be preserved in any legislation enacted this year.

The House bill is designed to control the future expansion of bank holding companies and force them to divest themselves of nonbanking business. It was drafted after careful study and consideration and will effectively accomplish these two purposes. Although the sponsors of S. 2577 recognize the necessity for such legislation, I do not believe that S. 2577 is an adequate bill to attain these objectives.

Congressman Spence



Legislation of this type is needed to preserve the system of competing, independent banks which America has created in preference to the centrally controlled banking systems employed by other countries. The independent hometown bank has developed in this country as a grassroots institution having its ownership and origin in the local community and deriving its business chiefly from its own area. If all of these independent banks were brought under the control of a few holding companies, the resulting concentration of power in the hands of the controlling companies would be so great as to threaten the destruction of our free competitive economy and our democratic institutions. To prevent this disastrous concentration of power, restrictions must be placed on future expansion by bank holding companies.

The Congress and the states have already acted to protect the American system of local independent and competitive banks against the inroads of branch banking, which is simply another form of multiple-office banking. The House bill would take advantage of the experience gained in regulating branch banking, and would apply the same principles to control the expansion of bank holding companies as are now applied to control the creation of branch banks. S. 2577, however, ignores these principles and leaves the control of expansion of bank

(CONTINUED ON PAGE 37)

Holding Company Legislation, and Competition (from page 34)

ica, it now does not own a single Bank of America share and is in vigorous day to day competition with it.

Moreover, the antitrust laws and the Clayton Act apply to bank holding companies. Transamerica recently went through a lengthy anti-trust proceeding brought by the Federal Reserve Board, which terminated with a Court of Appeals holding that no evidence of competitive restraint existed in any community served by Transamerica banks.

Given the fact that the antitrust laws do apply to bank holding companies and that they are the traditional and tested method of preventing actual or incipient monopoly, it is plain that S. 2577 is not calculated to stop monopoly by bank holding companies but rather to circumscribe their ability to compete even though their competition is not monopolistic. H.R. 6227, the House bill, would go even farther. It would realign the competitors by making bank holding company banking impractical.

Monopoly Created

In fact, the bills create legalized monopoly. They make secure to many independent banks the monopoly which they have on the business in their home town. Rather than putting their efforts into improving their own efficiency and services, these bankers seek legislation which will make their efforts unnecessary. Some big bankers and bank holding companies might also obtain a monopoly through the discriminatory features of the bills.

In my view, it is in any case neither customary nor wise for Congress to take sides between one group of competitors and another. And to do so in a manner which creates monopoly is even worse.

The second source of alleged unfair competition by bank holding companies is their ownership of non-banking assets. Here, the proposed legislation contemplates not just regulation but elimination. Bank holding companies differ fundamentally from banks themselves. Their operations are financed not by depositors' money but by risk

capital provided by the shareholders. Obviously, the ownership and operation of nonbanking assets by such holding companies is in line with recognized sound principles of investment diversification. Nonbanking activities provide earnings which the holding companies can and do use to strengthen the capital and safety of affiliate banks and to aid them in meeting the needs of customers in an expanding economy. In view of these public benefits flowing from diversification, no claim can be seriously made that diversification in itself creates competitive advantages which are undesirable and should be cut off.

Nonbanking Holdings Record

What is claimed is that ownership of nonbanking assets has and will lead to improper dealings between the banking and nonbanking affiliates of a holding company. In the light of this claim, the hearings before Congressional committees make revealing reading. In over 20 years of periodic investigation, none of the hearings has contained any evidence that any established holding company has used its non-banking business improperly, either by intercompany dealings or by pressure on customers. Nearly a hundred witnesses appeared personally before or filed statements with the Senate committee on behalf of Transamerica in last July's hearings. Nobody reading their testimony could possibly conclude that they were influenced to do business with other Transamerica subsidiaries. A governor of the Federal Reserve Board, J. L. Robertson, who had investigated the matter, testified: "I could not state an instance which I would be willing to vouch for" of improper customer pressure.

Solution: A Simple Law

As for self-dealing in general, H. E. Cook, chairman of the Federal Deposit Insurance Corporation, testified that this was a problem not unique to holding companies, but rather one far more troublesome in the case of banks under independent management. And the Senate report on S. 2577 states that "no wide-

spread abuse of this nature has been brought to the attention of your Committee."

In any case, if self-dealing is nevertheless considered a potential danger, is not the proper method of correcting it a simple law which absolutely prohibits it? Such a law would seem to me the logical solution if any is needed.

It is appropriate to point out here that bank holding companies and their subsidiaries are already extensively regulated. Eighteen major holding companies are covered by existing laws which subject them, and all their subsidiaries, including nonbanking affiliates, to audit and examination by the Federal Reserve Board. The nonbanking businesses of holding companies are principally insurance companies which, of course, are also thoroughly regulated by the states. If the coverage of existing law as to examination is considered inadequate, then why not amend it so all, instead of just 18, companies are subject to it? If the Banking Act of 1933 is deficient in coverage, then S. 2577 is equally so, since more than 70% of all holding companies escape its terms.

A Punitive Measure

In view of the absolute absence of evidence of improper self-dealing leading to an unfair competitive advantage for bank holding companies and in view of the available legislative remedies against any potential danger, there can be no justification for a measure as punitive and rare as the divestiture of legitimately acquired assets operated in good faith. Divestiture has only twice in our history been resorted to by Congress and then, as for instance with respect to the public utilities, it was on the basis of an overwhelming record of improprieties and outright fraud.

S. 2577 contains in itself a confession that divestiture is an unnecessary remedy. It exempts from the definition of a bank holding company any company registered under the Investment Company Act of 1940 because, in Senator Robertson's words, "they are already adequately

(CONTINUED ON PAGE 134)

The House Bank Holding Company Bill (from page 35)

holding companies entirely to the discretion of the Federal Reserve Board. This basic difference between the two bills results in three differences in the treatment of expansion of bank holding companies.

First, the House bill prohibits further expansion of bank holding companies across state lines. In doing so, it follows existing law governing branch banking. Under Federal law, a national bank is not permitted to establish a branch outside its own state. Under the laws of the states, no state bank may establish a branch outside its own state. The Congress has repeatedly resisted efforts to permit national banks to cross state lines. This is the heart of the House bill; it closes the loophole which now permits bank holding companies to cross state lines in violation of the spirit of the banking laws. Under S. 2577, however, the Federal Reserve Board could give its official blessing to this practice.

Acquisition in Same State

Second, where a bank holding company seeks to acquire a bank in its own state, the House bill provides that it must obtain the approval of the proper bank supervisory authority (Comptroller of the Currency for national banks, or the corresponding state officer for state banks). These are the officers who charter the banks concerned, and whose approval would be required if the transaction took a slightly different form, resulting in a branch instead of a subsidiary bank. But S. 2577 does not require their approval. It provides that they are to be consulted, and even given a hearing if they object to the transaction. But the Federal Reserve Board under S. 2577 could approve the transaction notwithstanding the most vigorous objections of the bank supervisory authority.

Third, the House bill recognizes that the states have enacted statutes which impose geographical limitations on the extent of branch banking operations within the state. The House bill applies these same limitations to bank holding company ex-

pansion inside the state, unless the state chooses to enact a statute exempting holding companies from these restrictions. It has been generally recognized that such control can best be exercised by the individual state, depending on the banking needs of the state. No similar provision is included in S. 2577. One explanation for dropping this provision is that it constitutes "arbitrary interference with the interpretation of state statutes." Congress, of course, has no power to interfere, arbitrarily or otherwise, with the interpretation of state statutes. All that the House bill says is that bank holding companies may expand in the same geographic areas as branch banks may expand in, but no more than that, unless the state laws expressly authorize such expansion.

Growth Still Permitted

Various reasons have been given for refusing to apply the same restrictions to expansion of holding company banking as apply to expansion of branch banking. It is said that any business must expand or die. But nothing in H.R. 6227 prevents bank holding companies or their subsidiary banks from growing; it simply prevents the holding companies from expanding in violation of the rules which banks must abide by. It is said that it would create administrative difficulties to require approval of the proper bank supervisory authorities before permitting holding company expansion. But under S. 2577, the bank supervisory authorities would have to make the same investigations and the same findings as they would under the House bill; the difference is that, under S. 2577, if a bank supervisor concluded on the basis of this investigation that approval should be withheld, his work would be duplicated by the Federal Reserve Board and he would be overruled if a majority of the Board did not agree with him. It is said that no "Federal freeze" based on state lines should be imposed, but that each proposed new acquisition should be judged on its own merits. This is another way of saying that

Congress should not impose any specific restrictions on expansion of bank holding companies, but should leave the matter to the discretion of a Federal agency, to be worked out on a case-by-case basis.

Branch Restrictions Sound

I believe the public interest in preserving our traditional system of competing, independent banks is too great to leave its protection completely to the discretion of a single Federal agency. The restrictions on branch banking are sound, and should be applied to bank holding companies. This is not the time to retreat from these principles, nor to give any Federal agency power to approve the use of the holding company device to evade them. There are, of course, formal distinctions between branch banking and holding-company banking, but both are forms of multiple-office banking resulting in centralized control. The distinctions between them are not material to the issues involved in this legislation. It will be useless for us to protect our independent banks against branch banking, only to see them taken over by holding companies.

Nonbanking Interests

One other major difference between the two bills needs comment. Whenever a holding company controls both banks and nonbanking businesses, its nonbanking businesses may occupy a preferred position over their competitors in obtaining bank credit. In critical times the holding company may be strongly tempted to cause its banks to make loans to its nonbanking affiliates, even though such loans may not be entirely justified in the light of current banking standards. For these reasons, the House bill would require bank holding companies to divest themselves of their nonbanking interests. While S. 2577 also contains divestment provisions, it would give the Federal Reserve Board wide latitude in creating exemptions from this requirement.

It would permit a holding company to retain its interests in any

(CONTINUED ON PAGE 132)



Treasury Secretary Humphrey, President Eisenhower, Vice-president Nixon, and Secretary of State Dulles at one of the recent Executive conferences at Camp David, Maryland

LAWRENCE STAFFORD

Inflation Control; Budget and Spending; Legislation

INFLATION in either its monetary or budgetary aspects, and probably both, is likely to be a front-ranking issue during most of the new year.

In brief, the prospects near the turn of the year looked better for the short-run than for the long-run control of inflation.

Inflation on the monetary front is likely to absorb the initial attention, provided the pace of business expansion in the new year appears to be as brisk as it was in the latter part of 1955.

The issue of monetary control was accidentally precipitated as early as late November. Senator John J. Sparkman (D., Ala.), as chairman of a Senate Banking subcommittee, conducted a "roundtable" discussion on mortgage credit. The Senator expressed himself as disturbed over what he said was an absence of sufficient mortgage money to sustain an "adequate volume" of housing construction, and he was also upset by the discounts which were being made on VA and FHA housing mortgages at the fixed interest rates of 4½%.

To represent the monetary authorities, Mr. Sparkman invited before his "roundtable" two representatives of the monetary authorities. These were Chairman William McC. Martin, Jr., of the Federal Reserve Board, and W. Randolph Burgess, Treasury Under Secretary for Monetary Affairs.

Federal Reserve's Intent

Chairman Martin, in "off the cuff" informal opening remarks, expressed himself categorically as having some fears that the pace of business was unsustainable, that the demands for credit which have been appearing were persistent and vigorous. He indicated clearly that the Federal Reserve meant to try to control that inflation in so far as it was capable through its monetary powers.

Mr. Burgess pointed to a rise of 10% since mid-1954 in building materials costs and declared that the "Treasury is vitally interested in any development that affects the value of the dollar. . . . In times like these, with business activity straining at capacity, we cannot run

the inflationary risks of manufacturing money through bank credit to encourage a level of housing starts that probably could not be sustained because of shortages of labor and materials."

Officials obviously will be taking a fresh look at business prospects as the new year unfolds. The logic of their remarks before Mr. Sparkman's subcommittee, however, amounted to a *de facto* commitment in favor of the retention of tight money into 1956 if over-all conditions indicate its necessity.

There is said to be some significance in the timing of this commitment.

In the first place, in the year of a national election, the Administration will be subjected to the most grueling test of its stamina to curb inflationary tendencies. There is always the inherent danger in such control that officials might be guessing wrong and thereby laying the groundwork for a business downturn that would be most embarrassing at election time.

Second, many members of Congress will in public criticism reflect

the disappointment of special interests, like the housing constructors or marginal businesses, who feel that they have unjustifiably been passed by at the bank credit window.

Finally, the higher interest rates that inevitably accompany tight money provide a ready-made demagogic opportunity for those who like to oversimplify the situation and charge that a "banker-minded Administration" is merely pushing up interest rates to yield larger returns for the wealthy.

The commitment having been given at the end of November, it stands until changed. It is suspected that some elements of the Administration are somewhat fearful of the political dangers of tight money. However, if any associates of President Eisenhower should become fearful about a tight money policy—if its continuance is found necessary under 1956 circumstances—they will have to break down an already made commitment. That is harder to do once it has been spread on the public record.

Therein lies the possible significance of the timing of these statements.

Near-Term Budgetary Outlook Good

For the near term, the Federal budgetary outlook remains good. In fact, as each day passes, responsible fiscal officials seem to reflect increasing hope of a balanced budget this fiscal year.

This favorable outlook, however, arises more from improved revenues than from cuts in spending.

A forecast drop of about \$500,000,000 in defense spending probably will fail to materialize. While there may be other economies, a projected reduction of \$1-billion in crop support costs for 1956 over the 1955 fiscal year is yet to be demonstrated.

In fact, while it was not clearly confirmed, conferees at the President's December meeting with leading legislators of both parties indicates a rise slightly above \$35-billion in Defense Department military spending for fiscal 1957.

Long-Term Spending Is Rising

On the other hand, long-term spending, in the view of competent observers, is certainly on the rise.

Recent Laws and Pending Bills in A.B.A. Report

THE A.B.A.'s Committee on Federal Legislation, departing from its usual custom of publishing a biennial summary of legislation affecting banking enacted by each Congress, has published a 26-page report on banking legislation originating with the first session of the 84th Congress.

Chairman Lee P. Miller explains that the Committee on Federal Legislation believes "that members of the Association are just as desirous of knowing about pending legislation as they are of learning about laws actually enacted." The new booklet contains both.

The first half of the book describes bills left over from the first session which remain to be acted upon in the second and closing session, which opens on January 3. The second half reports the bills actually enacted into law during the 1955 session.

There is pending no important movement for the abolition of subsidies or the curtailing of spending, with the exception of the 300-odd proposals of the Hoover Commission report. Those substantive economies proposed by the Hoover Commission are receiving fierce, under-cover opposition.

Even in advance of the President's various messages to Congress, the Eisenhower Administration is on record in favor of various long-term commitments for additional Federal responsibilities which, no matter how modest their beginnings, like all new spending objectives inexorably rise over the years.

Senator Lyndon Johnson (D., Tex.), the majority leader, worked

out a 13-point proposed Democratic legislative program for the second session of the 84th Congress. Speaker Sam Rayburn (D., Tex.) gave this his endorsement.

Of the 13 proposals, nine suggest new objects of Federal spending. One is for reduction of taxes on persons of low income, probably a boost of at least \$100 in the personal exemptions, to cost around \$2.5-billion. Only three of the 13 points in the Democratic leadership program are fiscally neutral.

(It may be observed that the 13-point program is a statement of legislative objectives. There is usually some distance between an agreement on an objective and a subsequent agreement on the precise terms

Before a Senate Banking Subcommittee on Credit Policy, Federal Reserve Board Chairman William McC. Martin (right) expressed his fears of "dangerous inflationary repercussions." At the left is Walter W. McAllister of the Home Loan Bank Board



HARRIS & EWING



Secretary of the Treasury George M. Humphrey signing the articles of agreement of the International Finance Corporation, the proposed new affiliate of the World Bank. Mr. Humphrey also gave to World Bank President Eugene R. Black (seated at Mr. Humphrey's left) the instrument of acceptance, signed by President Eisenhower. At the extreme left in the picture is Under Secretary of the Treasury W. Randolph Burgess. At the right (seated) is World Bank Vice-president Robert L. Garner. Standing are M. M. Mendels (center), secretary of the World Bank, and (right) Herbert Woolley of the Bank's staff. The charter of the IFC requires a minimum membership of 30 countries. The United States was the third to subscribe to membership, the other two being Canada and Iceland. Forty-four other World Bank members have indicated their intention to join. For a discussion of the IFC, see "The IFC Is Coming," page 42, March 1955 BANKING

of the legislation to accomplish the objective.)

Spending Objectives Agreed Upon

There is already agreement indicated on the record by both the Eisenhower Administration and the Democratic leadership on several important legislative objectives for the new session of Congress. All of them promise a rising level of Federal spending, as follows:

(1) *School aid.* Marion Folsom, Welfare Secretary, told the recent White House Conference on Education that the Administration would support a broader program for Federal aid of school construction than it backed in the 1955 session.

(2) *Depressed areas.* Both the White House and the Democratic leadership have committed themselves in favor of some form of Federal aid for economically depressed areas, as in regions where coal mining or textile manufacturing has slumped.

(3) *Public roads.* This objective also is supported by both parties. It is reported at the Treasury that Secretary Humphrey has persuaded the Eisenhower Administration to drop the extrabudgetary financing scheme, in favor of higher taxes on gasoline, rubber, trucks, buses, and automobiles to finance additional road costs.

(4) *Health.* Both parties propose additional Federal aid for health facilities, and the Administration also backs a beguilingly modest \$25,000,000 health "reinsurance" fund to encourage high-risk health policies.

(5) *Disaster insurance.* While the Administration appears to be disposed to proceed cautiously, both it and the Democratic leadership back some form of Federal flood or disaster insurance.

(6) *Farm benefits.* Democrats appear to want the return of 90% farm price supports, while the Administration appears inclined to favor some scheme for paying farmers to divert acreage from surplus field

crops to grass crops. In any case the annual cost of farm subsidies could rise by another few hundred million annually.

\$63.8-Billion Low Point

In the late August budget review, the Administration predicted fiscal 1956 expenses would be held to \$63.8-billion. Even if some of the above, as well as additional, spending programs favored separately by the Administration or the Democratic leadership fail of enactment, it could well turn out that this \$63.8-billion level of Federal spending could stand as the low point for many years to come.

There is a further influence pushing up Federal spending. It is that, even without any boost in the size of the armed forces as a consequence of the failure of the "spirit of Geneva" and the resumption of the cold war, costs of military procurement are rising. The scarcity of industrial raw materials and the inevitably higher, steadily rising wage costs will push up the price of tanks, aircraft, ships, ammunition, etc.

Appraisal of Tax Hearings

In the budgetary and tax reduction picture only the most negligible substantive influence is attributed to the extensive hearings held by a subcommittee of the Congressional Joint Committee on the Economic Report.

This subcommittee solicited views on, and held hearings on, a wide diversity of opinion as to what kind of a tax policy is best designed to promote "growth and stability."

In the process the conservative viewpoint got considerable attention—the viewpoint that certain high rates of tax have a long-run repressive influence upon the economy. On the other hand, equal or greater attention was given to the opposite view, or that of academicians, income levelers, and spenders generally about the need for greater Federal responsibilities.

When it comes to tax policy, this is determined by the respective taxing committees of the House and Senate, in cooperation with the leaders of the two political parties. The present pressures for lower personal income taxes and higher Federal spending will not be influenced noticeably by a forum on the more or less academic plane, such as the hearings of the tax subcommittee of the JEC.

Banking Bill Docket

As was the case last year, there will be a heavy docket of bills affecting the banking business, directly or indirectly, before the second session of the 84th Congress. As was also the case last year, the volume of major legislation before the Congress, aside from banking matters, is so heavy that banking legislation will, as it were, sit at second table for a time. It will be worked in between consideration of legislation of major political appeal.

One of the foremost of the banking bills is one which would subject the acquisition by one bank of the assets of another (as well as purchase of stock) to the prohibitions of Section 7 of the Clayton Act, where the effect of the purchase is substantially to lessen competition in *any locality*. The House Judiciary Committee near the end of the session reported out such a bill, introduced by its chairman, Rep. Emanuel Celler (D., N. Y.). This bill would require Justice Department approval of such mergers.

The biggest issue is whether the bank supervisory agencies rather than the Department of Justice should have this power of approval. So far the Senate Judiciary Committee, which is planning a broad revision of the antitrust laws generally, has not indicated what interest, if any, it has in revising the rules relating to bank mergers.

Should this subject come into active consideration on the floors of both Houses, it is thought that the Banking Committees might express a preference—in the handling of the merger question—for the bank supervisory agencies rather than the Justice Department.

Gidney Rules Against Mergers

There was a great deal of interest in the decision of the Comptroller of the Currency, Ray M. Gidney, in refusing three banks on Long Island permission to acquire additional banks in their areas. These were the Franklin National Bank of Franklin Square, the Meadowbrook National Bank of Freeport, and the Security National Bank of Huntington, all of New York.

It was pointed out by the Comptroller's office that for several years, beginning about 1950, the three banks have acquired a fair number

(CONTINUED ON PAGE 116)

Our Foreign Trade:

Candid Shots

HERBERT BRATTER

In his windup testimony before the Joint Economic Committee in November, Professor Jacob Viner of Princeton University threaded his way with skill through a complicated subject. Some of his main points are summarized below.

In the first place our foreign economic relations have some unique characteristics. To our domestic economy foreign trade is not a dominating consideration. Our technical superiority is such that, except for tropical foods and forest products, most of what we import could be produced here more efficiently than abroad. We are free of balance-of-payments worries and don't need to think about the effect on our economy or reserves of our commercial policy decisions.

This freedom from economic worries has three explanations: our technical lead over the world; the fact that inflation here has been outpaced by inflation abroad; and our gold hoard. The latter has exerted tremendous influence on foreign economic policy since the early 1930s. Thanks to Ft. Knox, no one needs to worry about the impact of policies on our reserves or liquidity.

ANOTHER distinctive characteristic is that for us on the whole our foreign trade has been cyclically stabilizing, while for some others it has been destabilizing. That is, others have helped us dampen our business cycle while we have helped endow them with a cycle. A more startling point: The U.S.A. is the only country with a genuinely floating exchange, meaning that our Government does nothing fiscal, monetary, or economic for the sake of its effect on the dollar's value in terms of other countries; and nobody cares. Finally our political leadership in the world and our startlingly increased economic predominance make our foreign economic policy a vital part of our whole foreign policy, from which it follows that our tariffs become a world matter.

Blind application of free trade doctrine would be a mistake. In the free world it is possible to have more trade than is good for you. In any program of trade barrier reduction, gradualness is a requisite; you should avoid shock. Reciprocity in trade barrier reduction would be in general more advantageous to us than unilateral reductions. The latter in any case should be selective, not across the board.

As for the menace to us of low wages abroad and the desire for protection against them, this needs reflection. Some of the lowest wage countries have some of the highest tariffs. They can't use the low-wage argument against us. Yet the protectionist feeling about American goods is much stronger abroad than is our protectionist feeling about foreign goods. Allowing for American productivity, the cheapest labor in the world is right here.

IF we are to reduce our import barriers we should do it in time of prosperity, not recession. Nor should exports be pushed artificially any more than import restrictions. It is unsound to promote exports by subsidies and dumping. Since 1934 we have given more trade concessions than we have received, although, given the special circumstances, this may have been in our interest as well as the world's. Our bargaining has come nowhere near eliminating the discrimination against our goods—discrimination which overvalued currencies and inflation makes necessary in some countries.

As for European union, which many Americans have long tried to promote, they have been a little naive in doing so. For ever since the 1870's, when the U.S.A. became an important exporter of farm products and later manufactures, the history of European union has been a search for ways, respectably and without causing our retaliation, to keep out American goods. Yet the U.S. since the war has pressed Europe by diplomacy, propaganda, and aid toward unification.

Thus Professor Viner.

The Joint Committee Points the Way Toward

Speeding Up Check Collections

SINCE it isn't feasible to reduce the number of checks being written, the way to speed up check collections is through improved procedures, according to the Joint Committee on Check Collection System. The Committee finds that banks need to modify "existing check collection patterns to provide for presentation by the most direct and expeditious routes practicable and to eliminate unnecessary handlings of checks."

The Joint Committee, which reached its conclusions after three years of study, is composed of representatives of the American Bankers Association, the Federal Reserve System, and the Association of Reserve City Bankers.

The Committee has come up with specific recommendations — offered for banks to accept or reject on a completely voluntary basis—and is confident that faster service will result if they are adopted.

The recommendations have been thoroughly documented with "reasons"; "questions and comments"; and "effect on volume and correspondent accounts." We present here the recommendations only, with some minor excerpts from the reasons and comments.

Local Clearings

"Local clearing houses or other clearing arrangements should be used to the greatest extent possible, with participation by as many banks in the community as possible. The time of exchanges of checks should be set at an hour to permit checks received in the morning mails to be included in the exchanges of that day.

"Settlement of net amounts due or owed as the result of the exchanges should be made on the books of a correspondent bank or Federal Reserve Bank on the same day."

Nearby Clearings

"Where volume warrants, checks drawn on nearby out-of-town banks should be presented to the drawees through a central clearing arrangement serving all banks in the area. Where volume warrants, but a central clearing arrangement is not feasible, such checks should be presented directly by mail to the respective drawees, with settlement through a correspondent bank or a Federal Reserve bank."

A survey showed that of all out-of-town checks received for collection by banks outside of Reserve and Central Reserve cities, 31% are drawn on banks within a radius of 25 miles, and 16% are drawn on banks between 25 and 50 miles away. Some 2½-million checks are deposited daily with country banks for collection from drawee banks within a 25-mile radius of the first collecting bank; 300,000 of these are already being collected through central clearing arrangements.

THE AMERICAN BANKERS ASSOCIATION
Twelve East Thirty-Sixth Street
New York 16, N. Y.

September 28, 1955

Hon. William McC. Martin, Jr.
Chairman, Board of Governors of the
Federal Reserve System
Washington, D. C.

Dear Chairman Martin:

I am pleased to report to you that the American Bankers Association has approved the report of the Joint Committee on Check Collection System dated June 15, 1954, as subsequently amended, and is prepared to participate in carrying out its recommendations.

As you may know, some of our members have had reservations about accepting this report because they have wondered whether the proposed procedures might weaken their ties with their out-of-town correspondent banks or be used as an inducement to membership by banks not presently members of the Federal Reserve System. In approving the report, we do so with the understanding that it will not be so used and that every effort will be made by the Federal Reserve banks to see to it that credits received by them are transferred to the accounts of correspondent banks, as contemplated by the plan, rather than having them remain with the Reserve banks.

In our judgment, the procedures outlined in the report will reduce the number of handlings and speed up the collection of checks, with resultant benefits both to the banks and to the public.

The work of the Joint Committee is an inspiring illustration of how the functioning of our banking system can be improved through the cooperative efforts of the banks and the Federal Reserve System. I am confident that, working together, we can achieve the successful implementation of this program.

To promote a full understanding of the plan, we believe that it would be helpful to have this letter and your reply thereto be made a matter of public record.

Sincerely yours,
/s/ Homer J. Livingston
President

Intradistrict Checks

"Checks drawn on commercial banks in a Federal Reserve City of the district should be sent by country member banks to correspondent banks in the city, rather than to the Federal Reserve office" (this to avoid unnecessary handlings).

Payable at FRB

Items drawn on or payable at the Federal Reserve Bank (including Government checks and postal money orders): "(a) *Member* banks should send such items directly to the Federal Reserve Bank of the district, with the privilege of directing that the proceeds of such items sent to the Federal Reserve Bank be credited to the account of a correspondent member bank, if the sending bank and the correspondent member bank so desire. (b) *Non-member par remitting* banks should be permitted to send such items directly to the Federal Reserve Bank for credit to a correspondent member bank, where arrangements satisfactory to the correspondent member bank and to the Federal Reserve Bank can be made."

All Other

Intradistrict Items

"(a) With the exception of intradistrict items collected through direct sending correspondent banks, *member* banks should send all other intradistrict items drawn on par remitting banks outside the Federal Reserve City to the Federal Reserve Bank, with the privilege of directing that the proceeds of such items sent to the Federal Reserve Bank be credited to the account of a correspondent member bank, if the sending bank and the correspondent member bank so desire. (b) *Non-member par remitting* banks should be permitted to send such intradistrict items directly to the Federal Reserve Bank for credit to a correspondent member bank, where arrangements satisfactory to the correspondent member bank and to the Federal Reserve Bank can be made."

Interdistrict Items

"(a) Items received by a collecting bank drawn on banks in other Federal Reserve districts should be collected to the greatest extent practicable through the Federal Reserve System's procedures for direct sendings, including the use of consoli-

dated air shipments when available. The report recognizes, however, that arrangements under which collecting banks send interdistrict items directly to drawee banks may be continued, if the collecting banks wish. (b) The Federal Reserve System should consider providing facilities for direct air shipments of checks drawn on banks in important financial centers where there is no Federal Reserve Bank or branch. (c) Where volume warrants, Federal Reserve banks should send items directly to drawee banks located in adjacent areas of adjoining districts."

The Committee and the Job

The Joint Committee on Check Collection System held its first

meeting in May 1952. John H. Wurts, vice-president of the Federal Reserve Bank of New York, served as chairman; he and Frederick L. Deming, first vice-president of the Federal Reserve Bank of St. Louis, are the two Federal Reserve System representatives in the group. Representing the American Bankers Association are James H. Kennedy, formerly vice-president and cashier of The Philadelphia National Bank, and Orval U. Habberstad, president of the Union National Bank of Rochester, Minn. C. Edgar Johnson, vice-president of The First National Bank of Chicago, is the representative of the Association of Reserve City Bankers.

The Committee organized with no preconceived ideas, but rather con-

(CONTINUED ON PAGE 108)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM WASHINGTON

Office of the Chairman

October 13, 1955

Mr. Fred F. Florence, President
The American Bankers Association
c/o Republic National Bank of Dallas
Dallas 22, Texas

Dear Mr. Florence:

The Board of Governors is pleased to learn from Mr. Homer J. Livingston's letter of September 28 that the American Bankers Association has approved the report of the Joint Committee on Check Collection System and that the Association is prepared to participate in carrying out the recommendations of that report.

The objective of finding new ways to expedite the handling of the nation's checks through more efficient methods will benefit the banking system and, even more important, as your letter points out, will enable the banking system to serve the general public more effectively.

The recommendations of the Joint Committee have been approved by the Board of Governors and the Federal Reserve banks and they stand ready to cooperate in putting them into effect. The understanding with which the American Bankers Association approved the report is entirely correct.

The Federal Reserve System will, of course, carry out the spirit of the report with regard to the handling of cash letters, including observance of instructions to credit the proceeds to the account of a designated correspondent member bank. As a matter of fact, established practice assures that proceeds of cash letters collected by the Federal Reserve banks will be transferred promptly in accordance with instructions from the depositing bank; but, consistent with their proper role, the Reserve banks cannot undertake to guide the decisions of banks with respect to giving such instructions.

The Board concurs wholeheartedly in your comment that the work of the Joint Committee was an excellent example of private commercial banks and the Federal Reserve System working together toward a common goal.

Sincerely yours,

/s/ Wm. McC. Martin, Jr.

Cc: Mr. Homer J. Livingston

New FNMA's First Year

Changing Market Confronted the Agency

J. STANLEY BAUGHMAN

MR. BAUGHMAN is president of the Federal National Mortgage Association, which maintains offices for the sale and purchase of mortgages in Atlanta, Chicago, Dallas, Los Angeles, Philadelphia, and New York.

THE Federal National Mortgage Association (FNMA) recently completed its first year of operations under its new charter as revised by the Housing Act of 1954. Although the secondary market facility established under the act is at the start of its second year, it is still, perhaps, a little too soon to judge its actual or potential influence on the residential mortgage market.

In the short period of its new functions, the rechartered FNMA has been confronted with a highly changing market due to a rapidly expanding economy. Investment funds for home mortgage financing range from time to time across the board from ample to tight, and it is to be expected that such movements will be reflected in the FNMA's activities.

Thus, as the mortgage market, with its higher interest rates, tightened during the past several months, the number of mortgages offered to and purchased by FNMA in its secondary market operations increased considerably over the earlier period when market conditions were generally less stringent.

Start of Secondary Market

FNMA began its secondary market operations on November 1, 1954, and, during the first two months, purchased only two mortgages. The reason for this situation is attributed to the fact that few prospec-

tive participants were familiar with the new activities of the facility and also because conditions were generally favorable to sellers in the private secondary market.

The first financial statement of FNMA's secondary market operations shows its quantitative progress through June 30, 1955. By that time, 1,175 mortgages with unpaid principal balances of \$9,467,000 had been purchased. These purchases represented VA-guaranteed and FHA-insured residential housing mortgages securing properties located in 37 states and submitted by 90 different sellers. Other pertinent figures for that date listed common stock subscriptions of \$284,017 and a net income of \$7,639 after providing for an income tax equivalent of \$17,692 and preferred stock dividends of \$19,269. This brief balance sheet, however, discloses only the surface.

New Procedures Required

There was the changeover necessary to devise and to put into force new procedures, a number of which were in unexplored phases of mortgage financing. And there was the task of acquainting the home building and allied industries with these changes, which in many ways differed from the previous operations of the Association. However, market conditions were instrumental in helping this work along. Participation in and acceptance of the facility rapidly increased as the need for supplementary assistance to the private secondary market became stronger. Offerings of mortgages have not been made by sellers on a huge scale. Last month they were running about 750 per week, and there is no present indication that this figure will increase to any marked degree in the immediate future. Sellers appear to be somewhat conservative or hesitant about



Mr. Baughman

disposing of their portfolios, apparently hoping that there will be some improvement in the market situation in the near future.

The latest available figures showing the FNMA's secondary market operations through November 25 are in striking contrast to those reported in the mid-year financial statement. Cumulatively, 6,296 mortgages with unpaid principal balances of about \$55,824,000 have been purchased. These transactions related to properties located in 41 different states, the District of Columbia, and Hawaii, and represented mortgages sold to FNMA by 196 qualified sellers comprising 16 banks, 15 savings and loan associations, and 165 others. Besides the above purchases, 1,132 additional mortgages had been submitted for purchase and were on that date undergoing final examination by FNMA agency personnel.

At the end of its first full year of operations, FNMA's secondary market activities showed a net income of \$68,313 after provisions for

(CONTINUED ON PAGE 114)

Mortgage Warehousing:

A Good Thing If Used Right

MR. MOONEY is Superintendent of Banks of the State of New York.

MUCH interest has been aroused during recent months in the subject of mortgage warehousing. Although this type of lending goes back some years, certain extensions of it are attracting the attention of supervisory authorities, including Federal Reserve spokesmen, in this period of rising loan demand.

In the New York State Banking Department, the warehousing of mortgages first became a matter for technical comment in June of 1953. Prior to that time, savings banks had been using the facilities of commercial banks for deferred deliveries of mortgages on which they had issued prior commitments, and the question had arisen over the extent to which such arrangements might constitute borrowing under the Banking Law. Accordingly, the Banking Law was amended to permit savings banks to borrow up to 5% of their assets to meet such forward commitments, or for any other purpose.

Since then, the question of warehousing has been under continuing review until this year, when, on July 12, a letter of inquiry was sent to all savings banks asking them to report major details of any such credit arrangements presently in effect. Out of 129 institutions canvassed, 29 reported the existence of such arrangements.

What Is Mortgage Warehousing?

Differences in mortgage warehousing arrangements are so numerous as to make every case virtually unique. To choose a relatively simple transaction for illustration, a savings institution may agree to purchase the mortgage output of an originator, but may specify a certain part of it for future delivery. The originator, in the meantime, accumulates an inventory of mortgages which requires interim financing. It is at this point that a commercial bank can step in, offering credit to

help carry these mortgages until final acquisition by the savings institution. In other words, the inventory of mortgages lies temporarily in a warehouse, the commercial bank.

The complexity of mortgage warehousing arises in part from the fact that there are at least three participants in each deal, the originator or mortgage company, the commercial bank doing the warehousing, and the permanent investor such as an insurance company or savings bank. A fourth party may be involved in extending a construction loan. In general terms, warehousing may be described as an intermediate stage in financing residential construction which covers the period between the termination of the construction loan and the acquisition of the mortgage by the permanent investor.

Two types of warehousing arrangements are easily distinguished. First, there is what may be called "technical" warehousing of mortgage loans. This arises purely from the time consumed in the paperwork and other processing of mortgages on their way to permanent portfolios. For example, in Government-underwritten housing, some time may elapse between the end of construction and the issue of insurance or guarantees by the Federal agency involved. Interim financing frequently appears necessary or desirable. Another example is afforded by the assembly of mortgages in large blocks prior to sale or delivery to the permanent holder. Again, someone must be responsible for financing during this stage in the investment process. In a sense, such warehousing can really be considered as something in the nature of an extended construction loan. While *physical* construction may be completed, the mortgage papers are



George A. Mooney

not ready in final form or the mortgages accumulated in convenient amounts.

Such "technical" or short-term warehousing may be backed up either by the commitments to buy signed by the permanent investor or, simply, by the mortgage collateral and the assets of the mortgage banker himself. As seen through the eyes of a lending officer in a commercial bank, such warehousing is not greatly different from any ordinary short-term loan to a business borrower.

The second kind of mortgage warehousing goes beyond the technical period of processing and transmitting papers. Mortgages here are completed in all respects, awaiting only the convenience of the institutional purchaser to take them up, but in the interim are held by commercial banks. It is this particular practice that has caused some raising of eyebrows in bank supervisory circles.

Delay in take-out may be due to
(CONTINUED ON PAGE 146)

METHODS and IDEAS

“Electronics”: Progress Report and Ground Rules

A.B.A. Committee’s Work

ONE of the busiest groups in the American Bankers Association is the Committee on Electronics of the Savings and Mortgage Division. It has made considerable progress in its extended study of the actualities and potentialities in this big operations field. There was no official statement after a recent meeting, but the members let it be known that banks apparently will be able to obtain more quickly than had been expected the electronic and electrical equipment to meet numerous savings operations. And the cost may not be prohibitive.

The Committee’s Views

Here is an authoritative summary of the situation as viewed by this Committee:

Several new companies are devoting extensive research to the development of bank machines, thus supplementing the work being done by established, larger manufacturers. The Committee is in close touch with these newer, often smaller organizations, several of which recognize the benefits available from working with others to meet the requirements of savings processing.

To increase the efficiency and widen the scope of committee contacts with the machine companies and researchers, individual members have been asked to keep in close touch with the work being done by specific organizations.

Some Problems

Major problems remaining to be solved include memory capacity and window input machines that can be produced economically for bank use. One objective is a window machine

that will tie in directly with the computer and memory system.

Centralized Record Center Possible

New developments have overcome problems of distance and communication, so that banks in a given area may find it practical to set up a centralized record center which will provide information almost instantly.

This is particularly important for smaller banks that can use these machines cooperatively, perhaps under the direction and operation of service bureaus.

A system described to the Committee and now used in another field suggests what could be accomplished toward a completely electronic banking window operation: input and output, computer, communication, all with split-second timing. This and other systems under discussion can be tied with devices currently in development for transmission of signatures to tellers.

Replacement of Banks’ Present Systems

Members of the Committee point out that much will depend, of course, on whether it will be economically possible for a bank to replace present systems with this new equipment—machines that have almost fantastic possibilities.

Present information would indicate that the answer to this problem is:

Yes, it will be possible.

The chairman of the A.B.A. Committee on Electronics is Everett J. Livesey, vice-president and secretary, The Dime Savings Bank of Brooklyn, N. Y.

Some Ground Rules

HERE are the “ground rules” for planning, installing and beginning to operate that first high-speed computer, as suggested by John F. Murphy, assistant secretary of Manufacturers Trust Company, New York.

(1) The first application should be for limited areas.

(2) Choose areas where there is a high proportion of routine clerical work and where it has already been found that tabulating equipment is beneficial.

(3) Use the concept of a data processing center.

(4) Limit your equipment review to complete systems now available or soon to be available from reliable and field testing manufacturers.

(5) The installation and operations supervisors must be carefully selected and trained, and given sufficient time to organize systems and procedures that will enable the equipment to realize its full potential.

(6) Management must be completely sold before the installation begins. Proper orientation at the outset is therefore most important.

(7) Once the equipment is in, all of its possibilities may be utilized to the fullest extent; management and supervision should constantly challenge present methods and systems if they are to be used in conjunction with the new equipment.

(8) There are no inexpensive shortcuts.

“It is well to know the limitations and problems of the manufacturer of this equipment in order that we may see the machine in question in the proper perspective,” Mr. Murphy told an American Institute of Banking group in Hartford, Conn.

That Word "Automation"

"Let's guard against misuse of the word automation, as it refers to mechanical equipment," he cautioned. "We must go back to the original definition and distinguish between machines and electronic power; one does the work, the other does the directing.

"Automation should mean to us complete, integrated and continuous operation of a production system through the application of electronic power to mechanical equipment. Automation reduces manual effort and its waste. It tends to free human effort for application to a higher level, technical, procedural, or administrative.

"The most practical approach," continued Mr. Murphy, "is to an installation from which the immediate savings in clerical costs will be sufficient to offset the cost of the equipment. This cost can, however, be absorbed if proper application is made and clerical waste is eliminated."

Three Phases

He explained that there are three phases of electronic operations: input, processing, and output.

Input is the means by which data are delivered to the machine. At this stage of development either magnetic tape or punched cards have been used. **Processing** is the actual calculation that is made by the computer unit of the electronic system. The computer is the 'brain' of the electronic system, the user of the input data. **Output** is the result of data after processing. It can be taken off on either tape, card or printer.

"At the present time there is some accounting equipment that utilizes the punch card, the typewriter, a bookkeeping machine or savings machine, and then electronically transfers this information from the punched card or perforated tape to a magnetic tape. The raw data can then be used by the electronic computers.

"We must keep in mind, however," said Mr. Murphy, "that electronic computers do not at present process the actual document or paper; they are solely data processing machines. They do not, for instance, at present solve the problem of check processing as we find it. It appears that the present equipment is practical for only some of our needs."

Check Handling

Check sorters will probably be the first electronic "sensing" equipment installed in many banks, Mr. Murphy said. Automation requires that:

"We must have a check that will bear the necessary information, recorded in acceptable impulse language, and act as its own carrier. In this way we can take full advantage of the document itself and pre-qualification. 'Prequalification' with bank and customer's account number, etc., is considered most essential. In addition, prequalification with amounts on checks by the bank of original deposit is highly desirable and our eventual goal."

Check standardization, machines that will accept any check, standard location of input information, and provision for rejecting checks that can't be accurately read, are other essentials.

Looking ahead, Mr. Murphy continued:

"The time will come, we know, when the bank teller at the window will qualify a deposit with the information required so that each item may serve as a source document for the enroute processors from then on. In this way deposits and checks may be completely processed without further human handling for the interpretation of data."

"The job will be done best, however, if it does not involve too many complicated formulas, setups, etc. It is here that standardization is all-important. It is here also that compatibility and universality of methods are necessary."

To reduce the labor in check handling procedures two tough problems must be solved or offset.

"First, since paper checks of vari-

(CONTINUED ON PAGE 102)

A Transit, Bookkeeping Bonus Plan

FROM City National Bank & Trust Company, Kansas City, Mo., comes a report on a bonus plan that has paid "excellent dividends" to management and the employees of the transit and bookkeeping departments. These staffers have augmented their earnings substantially; increased productivity and accuracy have benefited bank operations.

Punch card machine operators in the transit department get a bonus of \$1.25 per thousand items on all production in excess of 5,000 items a day. The award is subject to deductions for errors. For example: failure to write item count on deposit ticket draws a penalty of 100 items; proof errors 200 items; in-clearing missorts, one cent after exemption of 1% of total number of items; transit missorts on finished pocket work, 5 cents each.

Other machine operators have a similar bonus schedule, although with a lower base: 4,000 items for people on proof deposit, 4,500 items for re-run of debits, 3,500 items for re-run of deposits. The differential arises from the character of work handled.

"With the bonus as a stimulus," says the bank, "City National proof operators have become remarkably proficient, some of them handling as many as 14,000 checks a day. An experienced operator's bonus ranges from \$10 to \$30 per week. Even trainees profit by the plan. During their first six weeks on a machine, they receive a guaranteed bonus of \$4.50 a week."

Transit Manager Paul Yates says that since the plan was installed several years ago there has been a 41% gain in volume per clerk. Secondary advantages include reduction of personnel turnover and of absenteeism.

Bookkeepers' Bonus

Although productivity is the primary objective of the transit bonus plan, "accuracy is the sole criterion for the bookkeeper's bonus," City National reports. The bookkeeping department is set up in teams of five: a supervisor, two sorters, two posters. Each bookkeeper gets a bonus of \$25 (\$12.50 each on debits and credits) for a month in which she has no customer-reported errors. Supervisors can earn a bonus, too.

"Bookkeepers do not have an opportunity to check their debit errors and therefore are allowed four such mistakes (if these are discovered by the cycle statement crew)," the bank says. "Any error reported by a customer disqualifies bookkeeper, supervisor and cycle crew working for a bonus on that ledger."

"Special accuracy standards have been set up for the cycle crew, bunch set and correspondent bank bookkeepers. By qualifying, each can earn a \$25 monthly bonus—in some cases, even more."

Jack Burlingame, manager of the bookkeeping department, says the system can be adapted to almost any bank. Mr. Yates asserts that a small bank can also use the transit bonus plan.

The Mass Market for Bank Services

JOHN L. COOLEY

Hollywood, Florida

THIS dateline stands for the Real McCoy in public relations. Complete with orange juice, sand, sea, palms, and Bikinis, as advertised, Florida is a golden example of what's possible when you put your mind to mass merchandising, be it good climate or safe deposit boxes.

Your correspondent culled a message from the 40th convention of the Financial Public Relations Association, held at the Hollywood Beach Hotel in this settlement. It will appear in due course. (If you can't wait, the title of these rough notes offers a hint.) Meanwhile, here's an incident that ties rather neatly to P.R., which is the general subject under advisement.

The convention delegates, that warm, bright (advt.) morning, were discussing the savings and mortgage business. This is a good homely theme for any morning, especially in Florida, and some good, homely ideas were changing hands. Suddenly the air conditioning (advt.?)



FPRA's NEW TEAM—L. to r., President W. W. Delamater, vice-president, Tradersmen Bank and Trust Co., Philadelphia; First Vice-president William E. Singley, vice-president, Wachovia Bank and Trust Co., Winston-Salem, N. C.; Second Vice-president Orrin H. Swayze, executive vice-president, First National Bank, Jackson, Miss.; Third Vice-president E. T. Hetzler, vice-president, Bankers Trust Co., New York City; Treasurer A. Gordon Bradt, second vice-president, Continental Illinois National Bank and Trust Co., Chicago

was filled with a whirring as of wings—a similitude that quickly proved correct. An unprogrammed pigeon had arrived from a leeward cornice where it held squatter's rights, unmortgaged.

A skeptic later remarked that the bird's agitation in the next two minutes was an effective demonstration of sales resistance: quite obviously the dove had no intention of amortizing its future. Be that as it may, however, there was great confusion in that part of FPRA Convention No. 40.

Well, the bird of peace was finally ousted, unencumbered by lien, and your correspondent was left to marvel at the Noah-like ingenuity of the FPRA ideaman who had sent forth a dove, obviously to test the PR fall-out. Whether this deep thinker was Rod Maclean, the outgoing president, or Del Delamater, the incoming one, or Art Hemminger, the program chairman, or Bob Howard, the publicity man, or Pres

Reed, the association's executive v.p., this reporter is not prepared to state. But the idea was worthy of any and/or all. Just think—down the ages people will talk about the Great Pigeon Meeting of the Financial Public Relations Association in 1955!

Seriously . . .

Now let's get down to brass tacks. They are plentiful.

The message mentioned earlier in this chronicle is simply: the mass market for retail banking, increasingly productive now, holds tremendous possibilities. This big country just won't stop growing—and neither will the banking business. Let's tell folks what we have to sell, and then sell it. And let's keep the product smartly up to date!

Through the entire convention—

BANKING'S "Public Relations"
Department appears this month
on page 98.



TWO PRESIDENTS—FPRA's Rod Maclean, left, and A.B.A.'s Fred F. Florence, the convention's keynoter

keynote talk by A.B.A. president Fred F. Florence of Dallas, the annual School of Merchandising taught this year by Gene K. Walker of San Francisco, the familiar departmental conferences, the practical "it's this-way-in-our-bank" clinics—ran the idea of retail banking. Variations appeared in the discussions of such matters as customer relations, personnel training, advertising, market research, business development campaigns, sales techniques, and the dozen other subjects that come up at FPRA meetings.

The Market

The vast market was broadly sketched by Mr. Florence. Taking a look at the large outlines of the future, he said the changes that would affect banking included the results of the population growth (175,000,000 Americans by 1960, perhaps), the upgrading of incomes ("some analysts foresee a doubling of family income within the next 25 years"), and the "far-reaching, startling effects of our technological achievements."

"The projections of population increase," said the A.B.A. president, "indicate that the movement toward mass banking—or 'retail banking'—will continue. More people will mean a much larger number of potential customers for banking. It also means a strong demand for housing, schools, and the many types of goods and services that an expanding population will demand. We must serve the banking and financial needs of the larger population with efficiency. Our competitors will be ever ready to attract the business if we are sluggish in responding to this opportunity and responsibility."

Increased incomes, especially in the middle range where the bulk of the rise is expected, mean "a strong and continuing demand for luxuries and the finer things of life," observed Mr. Florence. People will insist on more and better homes.

He warned, however, that bankers should not assume that "these fascinating prospects are inevitable and certain to materialize automatically." That isn't true. "The future will be one of dynamic progress only to the extent that we make it so." And the responsibility for that is "the challenge of a growing economy, particularly to the men and women in banking."

In other words, bankers have



Recognize anyone?—Part of the audience at the opening session

some work to do. They must make certain, Mr. Florence added, that the growing population knows about bank services. And these can't be sold "if we don't know our product and know it well."

A Joint Research Project

Mr. Florence also told the convention about a new step taken by banking toward reaching and serving the public. "Organized banking," he said, "through the Financial Public Relations Association, the

American Bankers Association and the state associations, and the Association of Reserve City Bankers, can do and is doing much to develop public relations as an even more effective tool of banking. In cooperation with the Reserve City Bankers Association, and working closely with your group, the A.B.A. has joined in engaging the J. Walter Thompson Company to conduct important research aimed to provide us with guidance for our individual and collective programs, sources of

President Maclean's Report

THE joint plans of the American Bankers Association and the Association of Reserve City Bankers, with the assistance of FPRA, for a public relations research are "good and will redound to the benefit of banking," the convention was told by Rod Maclean, 1954-55 president of FPRA.

Mr. Maclean, who is assistant vice-president, Union Bank & Trust Company, Los Angeles, also told the 972 registrants that banking's public relations people were "doing better and better." However:

President Rod noted that bankers seldom tell the public of their service in selling Savings Bonds, of the fact that FDIC insurance costs the public and the Government nothing, or that in recent years the cost of borrowing money at banks has increased "little or nothing"—indeed, has even decreased in some cases.

"We fail to boast of our American Institute of Banking, the largest adult educational organization in the nation, which banking operates at its own expense without benefit of any tax help," he added. "We don't tell the public about the \$140,000,000 in school savings deposits held by banks, nor that servicing these accounts costs a considerable amount, but that we believe it is our duty to teach the nation's children the principles of thrift. We still may lean back a little on the job of getting credit for the good we do. Bankers are inclined to be conservative as a result of the trustee nature of their responsibilities. We should forget personal connotations and remember that it is our duty to communicate all good news to the public."

"The man who used to make better mousetraps out in the woods is dead. He starved. Let's be continually alert for opportunities of telling the public and getting credit for it."

constructive publicity, and aids for recruitment and training programs.

"We are expanding the meetings of our Public Relations Council, and we hope to develop practical material on new ideas and techniques in personnel and customer relations, in community and school relations, in publicity and press relations, in stockholders' relations, in advertising, the use of television and radio, in business development, lobby and window displays and special events promotion.

"One of the research projects being carried out through the machinery provided by J. Walter Thompson Company is a survey of family banking and its spending habits and intentions. We plan to find out how much the average person knows about what bankers are doing locally in the way of community leadership and service. We are also delving into their income expectations and how they handle their family finances. We are hopeful that this survey will disclose a great deal of information about the habits of families in dealing with banks that will be valuable to American banking."

"Banking Is Mass Merchandising"

Mr. Walker, an advertising, marketing and public relations consultant, predicted that the population rise would mean more banks and banking offices. Pursuing the theme that "banking is mass merchandising," he emphasized the importance of the personal touch—that "your-business-is-our-business" attitude.

On the theory that a bank is a market place, Mr. Walker noted that

(CONTINUED ON PAGE 96)



COMMERCIAL DEVELOPMENT—The speakers at this departmental were, *l. to r.*, R. A. Alston, vice-president, Citizens & Southern National Bank, Atlanta; S. H. Chelsted, vice-president, Peoples First National Bank & Trust Co., Pittsburgh; George T. Nelson, assistant cashier, Central National Bank & Trust Co., Des Moines; King Bennethum, assistant vice-president, First National Bank, Minneapolis; Kenneth DuVall, president, Merchandise National Bank, Chicago



TRUST DEVELOPMENT MEETING—At this departmental conference Chicago delegates presented "A Heavenly Preview," a demonstration of estate planning and trust selling technique. The "angels" are: Victor Cullin, vice-president, Chicago Title & Trust Co.; Howard J. Johnson, vice-president, American National Bank & Trust Co.; George F. Sisler, vice-president, First National Bank; John W. Heddens, trust officer, Continental Illinois National Bank & Trust Co.; Layman Hay, trust officer, City National Bank & Trust Co.; and J. Brooks Corwine, assistant vice-president, Harris Trust & Savings Bank

All aboard for the Miami Beach excursion



FPRA School of Financial Public Relations breakfast





Mr. Mason

The Huge Market for Home Improvement Loans

*Go Down Any Street—Any Street in America—
and Find a Market for Your Bank's Services*

NORMAN P. MASON

IN THE past 10 years we have added well over 10,000,000 units to our housing supply. Of all the homes now standing one in every five has been built in that time.

Although the market for new homes is far from being satisfied, the desperate shortage that faced us at the end of World War II has gradually disappeared. For that we are grateful. But the market for new, better, and rehabilitated homes still remains far from being satisfied, and from the evidence in our possession we know it will remain so into the distant future.

Older homes and neighborhoods have been allowed to go down hill.

MR. MASON is Federal Housing Commissioner. He has long been identified with industrial, civic, and governmental activities in the construction field, having engaged in the lumber business, served as president of the National Retail Lumber Dealers Association, been chairman

of the board of governors of the Building Research Institute, and held various positions in Washington as a consultant on construction matters. He was formerly a director of the Central Savings Bank, a mutual savings institution, in Lowell, Mass.

Slums and blight spread across cities; and, surprisingly enough, some of the newer developments have not been immune. What recently appeared to be "modern" suburbs have regressed to something less than modern, and blight is beginning to touch them too. For example, the Baltimore Commission

on Governmental Efficiency and Economy has reported:

Signs of adverse factors and conditions found in present areas of Baltimore known to be blighted or decaying appear to be developing in a number of outlying and hitherto unsuspected sections of the city.

(CONTINUED ON PAGE 129)

For the purposes of Cleveland's "Operation Demonstrate," the house at left was bought from the city for \$1 and moved to the modernization site, a downtown park. The shabby dollar's worth of house then became the attractive all-electric dwelling at right. This was only one phase of the program



PHOTOS COURTESY HOUSE AND HOME



Resolutions by Proxy

DICK ERICSON



TRUST OFFICER FOR MRS. DOUGH—*Resolved:* To come in well before closing time and give the other trust customers a break



ADVERTISING MANAGER FOR MANAGEMENT COMMITTEE—*Resolved:* To decide what services we want advertised and stick to it



VAULT OFFICER FOR LADY CUSTOMERS—*Resolved:* To take my own baby sitter when I visit my safe deposit box



BOSS FOR SECRETARY—*Resolved:* To give the Old Man a fighting chance to use his phone

SON

**Don't make your own New Year's resolutions! Let others
make them for you! Here's what might happen—**



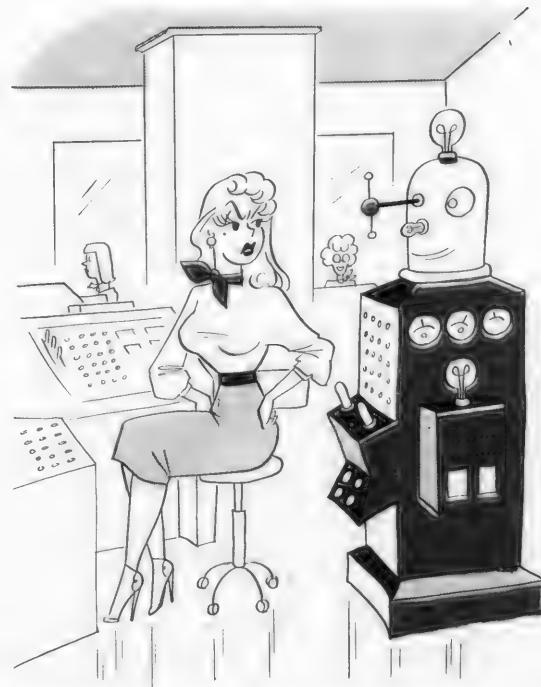
TELLER FOR CUSTOMER—Resolved: To do my paper work before I get in line



SECRETARY FOR BOSS—Resolved: To dictate the day's last letter at a reasonable hour



PAGE BOY FOR "ALL HANDS"—Resolved: To want something not done in a rush, just once



BOOKKEEPER FOR MANAGEMENT—Resolved: To stop substituting electronic brains for eligible men

G. EDWIN HEMING

The BANKER

MR. HEMING is advertising manager of the American Bankers Association.

OCCASIONALLY we hear some people say, 'There's never any news in the paper,' and we stare in blank astonishment, because to us it is full of news every day. . . . We're always grateful when accidents, crimes and such do not steal the headlines, and thus we can read more about the lives of people we know . . . or whom we meet and chat with on the street . . ."

Does that sound like a banker talking? Well, it does to the people of Leesburg, Florida, where a bank officer has been writing a column in the local newspaper for the past 13 years and five months. Mrs. Belle

S. Hamilton, assistant cashier of the First National Bank of Leesburg, is the author of this interesting weekly talk in print, addressed to the bank's present and prospective customers. She calls it "The First National Tell-Tale-Teller" and estimates that she has written about 553,600 words—enough for 10 good-sized novels!

Actually, the column is the bank's newspaper advertisement and is paid for at regular space rates. But it has all the zest and entertainment qualities that make local people look forward to the next instalment. It's interesting, friendly, informal, and informative—and it sells banking services in a quiet but effective way. If you will read the sample from the column, reproduced in these pages, you'll see how this is accomplished.

A sample of the "Tell-Tale-Teller"

The **FIRST NATIONAL
TELL-TALE-TELLER**
By BELLE S. HAMILTON

Never before having attended a convention of PHILATELISTS, we were simply amazed at the fine showing of valuable stamps staged by FLOREX (the state group) at the Community Building last Sunday afternoon . . . We had never imagined there could be so many phases of stamp collecting and so many different varieties of postage stamps . . . some of them really works of art . . . The engravings of Queen Elizabeth II on the British stamps were particularly handsome . . . and the exhibits of Indian, Hawaiian and Israel stamps exceptionally striking . . . It seems that most collectors "go for" some particular category of collecting—first day covers, for instance with the distinctive cachets stamped on the envelopes, some of them addressed in the most beautiful let-

with the assistance of Photographer BOB TEESE and ROBINSON'S PRINTERS, have been rated second best in the entire southeast! The judges, in our opinion, showed good judgment—we admire these colorful folders, too!

* * *

Hunt up that Christmas Club book right away and bring it in on Tuesday, the 16th, to THE FIRST NATIONAL BANK OF LEESBURG . . . Any time after nine o'clock, you can present your book and get your money for Christmas shopping . . .

And could any time be better for you to have ready cash than right now, with our merchants sponsoring such a wonderful Christmas Promotion Sale (it starts November 17) with all the

Out west in Jefferson, Iowa, another banker, Warren Garst, vice-president of the Home State Bank of Jefferson, also wields a prolific pen. His column, "Home Bank Notes," was started in 1941 and is still going strong. The secret of his success, too, lies in an ability to weave human interest material—comment about local people, interesting facts that have nothing to do with banking—and helpful financial advice into an appealing pattern. The result, so says the editor of the local paper, is a reader interest greater than anything in the paper off the front page. Mr. Garst sums up his philosophy this way: "It seems to me important to give the material a light touch—and not to be afraid to kid the bank some, too. Jack Benny got along pretty well on that formula, you know. Perhaps it helps to make the bank seem like people instead of a marble monument. We hope it makes them feel that we are friendly and human."

Here is an example of how he gets across the banking message in his column: "Open the Door, Richard," is what some of the folks sing to us when they come in to get their safe deposit boxes—and find they have left their key at home. Somehow, they think, we will be able to open the door. As a matter of fact, the only way we can get in is with their key—or with some TNT. The fact that your key is the only one that will throw the bolt is one of the things that makes a Safe Deposit Box safe." Other samples from this column with the homey touch are included in the accompanying pages.

Double-Barreled Tool

Both the "First National Tell-Tale-Teller" and "Home Bank Notes" are reprinted by their sponsoring banks and sent to a mailing list.

There are quite a few other banks that employ the columnar technique in newspaper advertising.

While not every banker has the knack of turning out a column like

R Turns COLUMNIST

the foregoing outstanding examples, more and more bankers are being given the opportunity to try. During the past year, the A.B.A. Advertising Department developed a newspaper advertising series featuring the banker as a columnist. This series of ads, furnished in mat form and entitled "Money and Banking in Everyday Living," includes a helpful hint on managing personal finances; a definition of a banking term; an explanation of some banking service or a special feature thereof; a paragraph telling how people benefit by using a particular banking service; and information about the way the American, free, chartered banking system contributes to our country's high standard of living.

This special ad service gives the local banker a wealth of material to draw upon. All he needs to do is to supply the interesting items of local interest and substitute them for any paragraphs he wishes to delete from the mat. Since the text of each advertisement is set in two different type styles, both usually available at most local newspapers, there should be no difficulty in matching one or the other.

Copy Opportunities

In developing local material to make these A.B.A. ads distinctly its own, a bank can readily look to its own experience and files. The Bureau of Advertising (ANPA) points out this fact in these words:

"On the lips of every banker and buried in the records of every bank in every community—in every town and city—are many stories and incidents which, with proper treatment, can be turned into excellent advertising copy.

"Copy that talks about local people, local events, incidents and

situations gets reader interest and action because it deals with things that are highly important in the everyday lives of these people.

"This fact has made the local newspaper a vital part of the daily lives of millions of people. And this fact can be put to work by banks—

tailored to carry a tremendous wallop in selling the bank and its services as an integral part of community life."

Banks that subscribe to the A.B.A. publication, *The Family Dollar*, have a natural tie-in between this quar-

(CONTINUED ON PAGE 142)

Gibbstown Branch
Broad & Hudson Sts.



MONEY AND BANKING

In Everyday Living

ALADDIN'S LAMP is put to shame by the magic of electricity—every year capable of greater wonders. Look over the latest-model household appliances. Each one is a tribute to American inventive genius... a real boon to the family that can buy it. And perhaps *your* family can buy the appliance most desired: We make low-cost Appliance Loans.

★ ★ ★

ACROSS THE COUNTRY, day and night, Post Office Department employees are busily working—for you. As of June, 1954, there were approximately 504,000 of them in the continental United States, together making up what is probably the most widespread and efficient "messenger service" in the world. Certainly it is the most inexpensive to use. At just three cents per ounce, the swift couriers of the Post Office will speed your messages from coast to coast... from Maine to Florida—or from your home, or wherever you happen to be on a vacation or business trip, to our bank. When you're away, or just extra busy, why not conduct your routine banking business with us by mail? It's so economical—and convenient.

★ ★ ★

WE'VE NOTICED that boys and girls who have spare-time "jobs for pay"—on newspaper routes, at their own lemonade stands, even helping out at home—seldom turn up in newspaper headlines as mischief-makers. Earning, and thus being able to make progress by saving toward a worth-while goal, is an absorbing, rewarding and character-building experience.

The FIRST NATIONAL BANK & TRUST CO.



PAULSBORO
NEW JERSEY

"Your Bank Is Our Bank"

"Money and Banking In Everyday Living" can be adapted to local needs. It can even be changed—and has been—to single-column space

GOVERNMENT BONDS

Increase in Loans Continues . . . Banks' Ability to Make Loans Squeezed . . . Treasury Bills Sell at Rediscount Rate . . . December Refinancing Sticky . . . Open Market Committee and Treasury Help Out . . . \$1.5-Billion TA Bills Get New Money . . . Market Behavior and Prospect

MURRAY OLYPHANT

EVERY day in every way credit conditions get tighter and tighter! More and more economic experts have lengthened their optimistic forecasts, to the extent that business volume for 1956 is now expected to equal or exceed the 1955 total.

A survey of business plans for capital investment in 1956 looks for expenditures of \$33.5-billion, which would exceed those for 1955 by 13%, and this at a time when, as the chairman of the Federal Reserve Board testified before a Senate committee recently, "under prevailing conditions, demands for funds are running far ahead of the supply of savings."

No wonder that the monetary authorities are concerned about the highly inflationary implications of the outlook and gave evidence of their concern by raising the rediscount rate to 2½%. This is the highest level in 20 years.

Increase in Loans Continues

So far there is little evidence that the higher rediscount rate is restricting the expansion of bank loans. From the end of October to the end of November the reporting member banks increased the total of their loans about \$1-billion. The total of over \$47-billion was up about \$2.5-billion since mid-year. Business loans accounted for over \$700,000,000 of the rise in November.

Actually it is doubtful that an increase in interest cost of ¼% or ½% is much of a deterrent to a borrower who can visualize a substantial profit from the use of the money.

Banks Squeezed in Ability to Lend

To date the banks have made the loans. They have provided the funds necessary by the sale of Government and other securities and by increased borrowings from the discount windows at the Federal Reserve banks.

The daily average of member bank borrowings from the Federal Reserve banks for November was above \$1-billion. For the month, "free reserves" were a "minus" to the extent of an average of approximately \$500,000,000.

Treasury Bill Sales Reflect the Squeeze

Once the rediscount rate had been raised, the Treasury paid more interest on its bill sales from week to week; i.e., 2.44%, 2.45%, and then, on December 5, 2.47%, that being the highest cost for 20 years.

Not only that, but allotments of 4% were given to those who bid 2.54%, which means that those who bid from 2.48% to 2.53% received 100% of the amount for which they bid.

December Refinancing Sticky

While the offering by the Treasury of 1-year 2½% certificates and 2½-year 2¾% notes in exchange for the \$12.2-billion of 1¼% certificates and 1¾% notes, which matured on December 15, was keyed pretty closely to the yield as existing on the date of the offering and gave a good step-up in interest return, it failed to attract ready acceptance.

The subscription books were open for three days and the customary right was given to banks to make payment by credit to Treasury tax and loan accounts.

Nevertheless, at no time during the three days of subscription was the bid for the "rights" of the new issues at better than par. For the most part the bid remained at 99 31/32.

OMC and Treasury Lend a Hand

This was so clear that measures were taken by both the Open Market Committee and the Treasury to help the financing.

In the week ending November 30 the Open Market Committee added \$103,000,000 of bills to the Federal portfolio and made repurchase agreements with dealers to the extent of \$265,000,000. In the following week even heavier acquisitions of bills were recorded.

At the same time substantial purchases of the new certificates and notes were made through the Federal Reserve, presumably for Treasury trust accounts. Just how many it was not stated. These purchases may well have been made for the old age and unemployment trust accounts and offset by the cancellation of special certificates, held in those accounts, many of which carry interest at 2½%. Such an operation causes a drain on Treasury cash.

In spite of this assistance from official sources, the net result of the refinancing was the issue of about \$9.1-billion of the new 2½% certificates and about \$2,250,000,000 of the new 2¾% notes.

This left about \$900,000,000 to be paid in cash.

\$1.5-Billion TA Bills for Cash

To get the cash needed to carry the Treasury until tax receipts flow in early in the year, the Treasury offered \$1.5-billion of tax anticipation bills maturing on March 23 and acceptable in payment of taxes on March 15.

By offering bills instead of certificates, the Treasury avoided the necessity of setting the rate, allowing the market to do that. Subscriptions of \$300,000 or less were allotted in full at the average computed rate. Banks were allowed to pay for their allotments by credit to the Treasury tax and loan accounts to the extent of 60% of their allotments.

The average rate was about 2.46% and the range of accepted bids was from about 2.33% to 2.50%, with 23% of subscriptions at the last figure allotted.

With 91-day Treasury bills selling

to yield about 2½% and the longest-term bond (3%, 1985) available at par, the spread between the shortest and longest investment has dropped now to only half of 1%. There were times in the past when short-term money cost more than long-term temporarily. This could happen again but seems unlikely.

Market Behavior

Up until the December refinancing and new cash offering by the Treasury had highlighted the real tightness of credit, the market for Government securities had continued to behave rather better than circumstances warranted. Prices had declined somewhat, but, roughly, were still about half way between the August low point and subsequent highs.

But, when it became evident that the authorities really needed to step in and assist the Treasury financing and the Open Market Committee started to add substantially to the Federal bill portfolio, prices moved downward.

By December 9, the 3% bonds were again available at 100, while losses of over a point were registered by a number of issues in comparison with early November prices.

It began to be realized that there really had not been, nor was there in prospect, any change in the credit restrictive policies of the Federal Reserve Board. What help had been given to the market was forced in order to prevent a poor situation from becoming worse.

This being true, the idea that the return flow of money from circulation might produce an easier money picture was offset by the near certainty that any such effect would be negated by the probable sale of bills by the Federal back to the market.

Lows in Prospect

All in all there is very little justification for anticipating any market improvement early in the new year, and there is at least the possibility that the low prices of last August may again be reached.

THE INVESTMENT MARKETS

THE investment markets are still dominated by the tight money policies of the fiscal and credit authorities. The increase in rediscount rates, in call money, commercial paper and acceptances left their impact.

Thus, the Treasury had to pay the highest interest in two years for its final new money borrowing in 1955. States, municipalities, and villages were under equal compulsion, although, generally speaking, the new issues were well received in the market place.

Much curiosity has been aroused in financial quarters as to what the final outcome will be of the hearings of the Senate Banking Committee on credit policy after the opinions have been tabulated. Involved are officials of the Reserve Board, the Treasury, and housing experts as well as private sources.

There is a tug of war in the investment field between those who want to preserve the purchasing power of the dollar and prevent booms and busts and those whose single-minded objective is expansion at any cost, based primarily on the increase of technology and population. This latter theory has some statistical support but it does not seem all-embracing.

A great change in economic thinking has been taking place in recent years. A balanced budget was held to be of primary importance in the economy. Today, full employment and the highest possible payrolls are held to be more important, although the budget of the Treasury will probably be in quasi-balance in the current fiscal year, owing to extraordinarily good business and tax receipts.

Wall Street has responded to the challenge and so have

H. EUGENE DICKHUTH

all the correspondents of investment houses and banks throughout the country. The new issues are moving relatively well. One of the greatest challenges will be the forthcoming issue of Ford Motor Co. common stock to the public. Although local Ford issues have been available to public buying in Britain and Canada, it will be the first time that the public will be permitted to participate in the largest privately held company in the world. Ford (U.S.) has been under family management for 51 years. Shares held by Ford Foundation will be converted and clinch the deal. Another family empire has resolved to diversify. Indications are that investment response will be excellent.

BONDS of states, municipalities, and industries offered for sale in the first 11 months of the year are estimated at almost \$11-billion. This compares with \$10,382,887,000 in 1954. This year's public offerings, in fact, were the largest since 1927. Next year's underwritings are expected to be even larger as the demand for new roads, schools, hospitals, and other civic facilities becomes more pressing.

Even stock flotations for the first 11 months of 1955 were larger than the previous year. They totaled about \$690,123,000, against \$684,689,000 in the like 1954 period. It was the largest aggregate, so far, since 1952, but final year-end adjustments will have to be made.

The outlook for the new-issue market is still excellent if only on the grounds that more efficient and greater facilities are required all the time for civic improvement in all parts of the country.

Planning and Management of CHARITABLE FOUNDATIONS

A Field for Exploration in Income and Estate Tax Planning

MR. YOUNG, a certified public accountant, is manager of the tax department of Peat, Marwick, Mitchell & Co., San Jose, California, office. He is a charter member of the Santa Clara County Estate Planning Council and is now that organization's treasurer.

THE rising tide of criticism of the *modus operandi* employed by certain charitable foundations has already produced an Internal Revenue Code with certain provisions designed to combat the abuses; and the threat of further restrictive legislation is apparent.

These attacks, plus the connotations of such terms as "prohibited transactions" and "unrelated business income," appear to have fostered the widespread impression that a charitable foundation is a complex and somewhat sinister organization dedicated primarily to tax avoidance and propaganda activities. Also, the publicity given to the larger foundations has implied that the charitable foundation field is the exclusive province of the very wealthy family and the multimillion-dollar corporation. The sum total of confused thinking on this subject can result in the charitable foundation's becoming an unused tool in the tax planner's kit.

Even Small Sums Effective

Rather than falling into the discard, the advantages and applicability of the charitable foundation should be explored as a normal element of income and estate tax planning. Attorneys, accountants, life underwriters, and trust officers can, as part of the planning "team," help to clarify the nature and purpose of the charitable foundation and revitalize its use as a valuable eco-

GEORGE A. YOUNG

nomic and social force. It is especially important to emphasize the points that charitable objectives can be attained by comparatively simple techniques, and that small sums may effectively be used.

The motives for creation of a charitable foundation run the gamut from strictly tax saving desires to pure charitable intent, and quite obviously the restrictive provisions of the Internal Revenue Code primarily are aimed at those procedures which are designed to yield direct or indirect benefit to the creator of the foundation. Where such "tainted" motives are not present, the problems of creating and managing a charitable foundation shed many of their complications, and this point warrants added emphasis in the light of the criticism directed at certain foundations.

Several Misconceptions

Not infrequently the estate planner will encounter the erroneous impressions that a charitable foundation must be a *public* charity, that such foundations normally are created only by the decedent's final will, and that a substantial corpus is necessary. The Internal Revenue Code does restrict a charitable foundation to certain "exclusive" purposes, but it does not prevent a limited group from being the object of the foundation's bounty. To defer establishment of a charitable foundation until death may result in the loss of substantial income tax and economic benefits, as will be discussed later. The placing of a nominal sum in the hands of a trust department for administration is a simple and inex-

pensive procedure. Further, it may be appropriate to suggest the use of life insurance to create or augment the desired fund and, if ownership of the policy is transferred to a charitable foundation, the taxpayer could receive an income tax deduction for his annual contributions toward payment of the premiums.

"Why Not Now?"

All tax planners are well aware that procrastination by taxpayers is probably the most frequent cause of lost tax benefits, and it has been well said that a taxpayer who neglects tax planning is being unduly generous with his beneficiaries' money. The very human reluctance to plan for ultimate death is coupled with a strong desire to retain control of property during life, despite the obvious tax disadvantages of such retention. However, quite frequently the tax planner can demonstrate sufficient income tax advantages in a present transfer to overcome the taxpayer's inertia and activate a sound plan in lieu of creating a charitable foundation at death.

The "eventually, why not now?" approach suggests a number of techniques and ideas of which the following are but a few:

(1) A present transfer of property may result in substantial income tax savings as the result of an allowable deduction. The savings may be a material aid in increasing the liquidity of the estate.

(2) If the taxpayer wishes to retain use of property (such as an old family residence), the transfer of a remainder interest may result in a substantial income tax deduction.

(3) Income-producing property might appropriately be made the

(CONTINUED ON PAGE 111)

HOW TO SELL YOUR BANK

in 10 Seconds



SCRIPT—

She: Honey, this car is *just* what I need!
He: Got the money?
She: Sure, with low-cost, customized financing at
The Bank of Douglas

MR. BIMSON is executive vice-president of The Bank of Douglas, Phoenix, Arizona.

TELEVISION is a dramatic medium. If your message is dramatically presented, people will take notice of it. And if your message sells dramatically, people will talk about it, tell you about it, and bring their business into the bank. Axiomatically, TV can be expensive if you don't exploit this inherent drama, just as it can be economical if it brings in the business.

We wanted to cover the board in television. That was our aim because The Bank of Douglas was comparatively new in Phoenix and Tucson. (The bank was founded in Bisbee, Arizona, in 1887, moved its main office to Phoenix in 1945, and now has 16 offices.) We felt a program would not do this kind of job, nor would it be as flexible. Good programs that can compete with the big network shows are not easy to find, and even a good one seems inclined to draw the same audience each week. But banks sell a staple commodity. Like the newspaper in Philadelphia, almost everyone uses a bank, or should. So why shouldn't we go after the widest possible audience? We did. We used spots, and

TV Can Be a Thrifty Medium for Banks

LLOYD A. BIMSON

we planned our television campaign on a modest budget.

First, we wanted a wide audience. Second, we wanted a lot for our money. And we wanted real impact. We didn't want to wait for a long period before we were noticed.

With this in mind we designed a series of spot film commercials, using dramatic situations and a technique that would give us immediate identity. At that time (April, 1954) the 10-second or 8-second ID adjacency had not been exploited a great deal. Most advertisers were using the voice of a studio announcer over a slide of the firm name, which obviously did not do a dramatic selling job. But these short-time slots provided a wonderful opportunity because they could more easily be obtained before or between top network shows. Therefore, if we could sell the bank in 10 seconds, we were sure of larger audiences at less cost. Just what we wanted! It was a real challenge!

Our first series of 18 film spots was comprised of 13 10-second and five 20-second skits. Each one covered a specific loan or service. But, more important, they were shot in silhouette technique. Live actors spoke the message and acted out the situation, but they were seen only in silhouette. Thus, the pure black on white was unusually effective on the TV screen, and starkly dramatic. The identity was such that few people missed the fact that this was The Bank of Douglas advertising.

The little dramatic scenes did seem to flit on and off the screen with disarming suddenness, and this caused us some concern. But we had forgotten to credit the power of repetition. As the different silhou-

ette situations were repeated they caught on with surprising vigor and cumulative power. People started kidding us about the light and humorous scenes. And new accounts, when asked how they were referred to our bank, often mentioned TV.

I think that people tend to identify themselves with human situations, and this feeling of intimacy, along with the silhouette identity, has made television advertising economical for us. In a sense the spots are educational, dramatizing problems that demand a loan, a checking or savings account, or bank-by-mail. We found that an audience is ready to respond when you are trying to do something for their benefit.

As with other media, we have to keep looking ahead. Specifically, it is necessary to keep our ideas fresh. But we have learned two important things in the past 20 months: We can sell the bank in 10 seconds, and we can get real effectiveness at low cost on television.

Lloyd A. Bimson





A weekly luncheon in the Crosstown Branch of the First National Bank of Memphis. To put their guests at ease and to stimulate interesting discussion women officers are spotted around the table. At head of table, left, Vice-president Ruth E. Sherrill; Women's Department Manager Johnson, third from left on left side of table; Assistant Cashier Muller, at far end of table; and Gwen Hazelwood, Women's Department assistant, in light sweater, on right hand side of table

Taking the Bank to the Housewife

How three banks use staff women to sell services through calls on women customers in their homes

IN these days when recruitment of effective bank personnel is a problem, banks are turning more and more toward the use of women in new business development. This is not a novel idea. The only thing new about it is the extent to which it is being done.

As larger numbers of banks adopt the practice of having officers call on customers and prospective customers at their homes and places of business, staff women step into the picture and make calls on women customers and prospects.

The First National Bank of Memphis, Tenn., is a good example of the use being made of women junior officers in this connection. Mildred Muller, assistant cashier in charge of the women's department in the Berclair Branch and Mary E. Johnson, manager of the women's department, Poplar Plaza Branch, devote a large share of their work day to calling at the homes or businesses of established women customers, prospects, and newcomers to the community.

Qualifications for Job

Among the primary qualifications for this work, according to Mrs.

Muller, are "the ability to meet people of all levels, and to understand the problems of people in all walks of life." She feels that above everything else a bank's community relations ambassador "must be endowed with that innate desire to be helpful when no immediate results are evident except the deep personal satisfaction of a job well done. Hers is the indirect approach and her call may seemingly mean nothing more than a discussion of junior's braces or the new draperies in the den."

Both of the First National's women service salesmen more than measure up to Mrs. Muller's recipe for success in her chosen field.

In an interview with BANKING's reporter, Mrs. Muller gave us a few facts about the work that she and Mrs. Johnson do for the First National of Memphis.

"Calls are of three categories," she said, "the established customer, the prospect, and the newcomer. The customer may be one of many years standing and she can be counted upon to appreciate a little attention. She is, of course, flattered by the call and may be won over simply on the basis of sincere, warm interest in her well-being. She offers

countless opportunities for selling bank services other than those she is already using.

Counseling the Newcomer

"The newcomer, on the other hand, is doubtless a stranger to the bank and she affords the bank's representative a real challenge—one that can mean a great deal to the bank in the years ahead. The bank woman can, through her knowledge of the community, help the newcomer and her family to become established in their new surroundings. She can counsel with the stranger on the most desirable location for the family home and the best schools for her children; she can introduce the stranger to neighborhood churches and provide an entrée into community life in general.

"The needs of the newcomer are not necessarily confined to the realm of bank activity, and experience has taught that assistance in these non-banking matters often prove more effective in obtaining bank business than direct solicitation."

Aside from their calls, Mrs. Muller and Mrs. Johnson find time while at their desks to open new accounts,

(CONTINUED ON PAGE 106)

Let's Do a Real Job of Public Relations

More Than Eyedroppers Are Needed

MR. BERKIN is assistant secretary of the Roosevelt Savings Bank, New York City.

FOR over 20 years now, ever since the black days of the early Thirties, bankers have been talking much about public relations. Countless thousands of banquet guests at national, state, and regional banking conventions have listened while the inevitable speaker gave the inevitable speech about public relations. Books have been written, meetings held, consultants hired—all for one purpose: to improve public relations.

There's no doubt that the banker has undergone a metamorphosis. To the public he is no longer the top-hatted stuffed shirt so often pictured in cartoons. He has assumed a "humanness" that is quite becoming. But how much of this is due to our public relations efforts?

Your bank has invited school children for a "behind-the-scenes" visit. Wonderful. How many did you accommodate? Probably not more than 25 at a time, perhaps all together 200, 500 or even 1,000. And they were exposed to your "efforts" just one time. Then you held an "open house." Maybe 5,000 people visited your bank. Swell.

You had some of your officers make speeches at local organization meetings. Suppose your man is a whizbang, and people like him. How many people have been exposed to him—500 or 1,000 or even 5,000? And that, too, would be for just one time.

Eyedroppers and Bathtubs

You had some good stories in the newspapers, and then there were those tricky window displays. Did

ROBERT J. BERKIN

you ever try to fill a bathtub with an eyedropper? Your newspaper stories and window displays are eyedroppers and the bathtub is your total public relations problem.

The truth is that we have been going through a period of rising deposits. And the FDIC has created, among other things, a climate of confidence that certainly cannot be credited to ordinary bank promotional efforts.

Let's examine public relations for a minute. Basically, it is simply a concerted effort to influence as large a segment of the public as possible to think well of your industry or your business. Two principles are obvious: The effort should be a continuing one, and it should reach as large a number of people as possible.

Now let's take another look at these so-called public relations efforts and see if they measure up.

Mr. Berkin



All of them—the school children's visits to the bank, the "open house," the speeches, the newspaper stories, the window displays—are excellent but share the same deficiencies; namely, lack of continuity and only a fraction of the people exposed to the effort.

What's the Answer?

Let's look at a public relations tool widely used in industry—the external house magazine. Did you know that over \$100,000,000 is spent on them annually, and that they have a combined monthly circulation of over 100,000,000 readers? Three-fourths of all big companies now have house organs, and some corporations have them by the dozen. There are "internal" house magazines (for employees, chiefly), "externals" for dealers, customers and friends, and "internal-externals" for everybody.

Printers' Ink publishes a directory that lists over 6,300 titles, and it is estimated there are at least 6,000 more unlisted. A catalogue published not long ago, lists nine house organs with circulations of a million or more. They are all "externals" and include:

| | Circulation (in Millions) |
|---|------------------------------|
| Prudential Family (Prudential Ins.) | 1,250 |
| Mutual Moments (Mutual Benefit Health & Accident Assn.) | 1,750 |
| Ford Farming (Dearborn Motors Corp.) | 1,100 |
| The Job-Rater (Dodge Division Chrysler Corp.) | 1,500 |
| Ford Times (Ford Motor Co.) | 1,500 |
| Friends (Chevrolet Division, G.M.) | 1,400 |

(CONTINUED ON PAGE 93)



See the new Reliant

This sensational new Recordak Microfilmer is designed to give you more for your microfilming dollar. But see for yourself—make any comparison you want before your 1956 budget meeting.

More Value

In this surprisingly low-priced microfilmer—only \$1800—you'll find a value-packed array of new features. *Each* reflecting the know-how acquired by Recordak and Kodak in 28 years of microfilming research and development! For example:

- **Choice of 3 reductions** . . . including 40 to 1, highest today in 16mm microfilmers.
- **Amazingly accurate automatic feeder** makes it all but impossible to "double feed" documents and miss pictures—even when feeding at a 400-per-minute clip!
- **New spacing control** prevents film waste with automatic or hand feeding.
- **3 recording methods.** (1) fronts and backs of documents are recorded simultaneously, side by side on film; (2) fronts are recorded down one side of film, then up the other side; (3) fronts are recorded across

the full width of the film.

- **Makes duplicate films.** You can expose two rolls of film simultaneously at reductions of 40 to 1, 32 to 1 or 24 to 1, using desired recording method.
- **Precision optical system** which is not affected by variations in room temperature. Steel construction throughout holds vibration to a minimum.

More Pictures

You get 80 pictures of checks for 1¢ when photographing at 40-to-1 reduction . . . *the lowest per-picture cost today*. On a 100-ft. roll of Recordak Microfilm you can record 29,000 checks or 10,700 letter-sized documents.

More Efficiency

The new Reliant makes microfilming an easier-than-ever job . . . puts all controls at the operator's finger tips. Documents are delivered to an *eye-level* stacking tray after being photographed—no stooping or reach-



t before you talk Budget

ing. Tray can be adjusted immediately for varying document sizes.

Documents which are fed crookedly are straightened out automatically. And those which are slightly oversize—up to 12 in. wide—are photographed without creasing and tearing. A minute or two is all it takes to change lenses or load film. New low-cost accessory unit eliminates a separate job of endorsing or cancelling.

See the new Reliant before budget time rolls around. We think you'll agree it's sure to deliver *more for your microfilming dollar year after year.*

"Recordak" is a trademark

RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to banking systems

Price quoted is subject to change without notice.

----- MAIL COUPON TODAY -----

RECORDAK CORPORATION (Subsidiary of Eastman Kodak Company)
444 Madison Avenue, New York 22, N. Y.

Gentlemen: Please send folder describing new Recordak Reliant in detail.

K-1

Name _____ Position _____

Bank _____ City _____

Street _____ State _____



The Kind of Bank Joe and Mrs. Doakes Like

EDWARD STREETER

WHAT does the average individual expect from his bank? When you ask people this question be prepared for a blast about what they do *not* expect.

Because the average person is usually unfamiliar with the machinery of money, he is apt to feel unsure of himself in his dealings with banks. Some bankers have a tendency to make him uncomfortable.



"Homelike is the word"

As he looks about the high-ceilinged banking rooms, it is easy for him to get the impression that big, mysterious deals are being negotiated—deals that make his banking business look like a peanut stand in Rockefeller Plaza. And, if he's not handled properly, he resents it.

The chances are that, when analyzed, the answers to your question will confirm this attitude. Basically, all that the majority of people seem to ask is to be so treated by their bank that they feel as self-confident and at home there as they do in any other of their daily contacts.

More specifically, just what do Mr. and Mrs. Doakes, average Americans in an average American city, expect from their bank?

The differences in their points of view are not great. Mrs. Doakes is less familiar with the business world and therefore more fearful of making a mistake when she crosses its threshold.

MR. STREETER is vice-president of *The Bank of New York, Fifth Avenue Bank Office*. He is the author of *Father of the Bride* and a number of other books, and has written previously for *BANKING*.

"I want a bank," she might say, "which is polite and nice and friendly—homelike, I guess, is the word. I'd like to have someone call me by name when I go there. I don't care if it's the teller or the doorman or the president. I'd like to have someone a bit solicitous about me, even if it's only to ask how I am.

Small Potatoes

"I want to deal with people who are understanding and informal. When I ask a question I don't want to be answered with a lot of technical terms I don't understand so that I go away feeling like a low-grade moron. And I don't want the person I'm talking to, to act as if he were already late for an important appointment. If he is too high up to handle my affairs I only want to be taken to the right person. It's small potatoes to the bank, but it's important to me or I wouldn't have made the trip downtown."

What Mr. Doakes expects from his bank differs largely in emphasis. "I want to be treated as an individual just as much as Mrs. Doakes," he might say. "I'm only a small businessman, but I have plenty of problems just the same, and I can't duck them. I don't expect my banker to know all the answers, but I do expect him to have enough experience and intelligence to be helpful—and enough interest not to brush me off."

"I want to be sure that the officer I'm dealing with has authority, so that when I come in some day *really* to ask for something he won't turn green and disappear through the

door of an inner office to talk to someone I've never met.

"And when things are tight and I need help, I want a banker who won't give me a peremptory 'no.' Any dub can say 'no.' I want someone who will sit down with me and analyze my position—someone who genuinely wants to find an answer that will protect the bank and at the same time give me a lift over the hump."

By and large Mr. and Mrs. Doakes are reasonable and modest people. They do not expect something for nothing. They would probably refuse it if it were offered. They are not asking their banker to be their buddy. They have plenty of friends. They do not ask for special favors nor do they expect to be granted unsound loans.



"No mysterious deals"

They merely want to be treated like two friendly human beings, whose names are Mr. and Mrs. Doakes, and who are recognized as such; who know little about banking and want questions answered in their language; who want to feel that they are "valued depositors" even though their balances fall considerably short of the million mark; who expect their affairs to be handled promptly, courteously, and accurately in the knowledge that every man's business is important to him.



The Fourth Annual Agricultural Credit Conference has come to order and Dr. Kenneth Hood, assistant secretary, American Farm Bureau Federation, Chicago, is speaking on "Agricultural Policy Issues." Others, *left to right, seated*, Jesse W. Tapp, chairman, A.B.A. Agricultural Commission, and chairman of the board, Bank of America, Los Angeles; Erle Cocke, A.B.A. vice-president and vice-chairman of the board, Fulton National Bank, Atlanta; and H. W. Schaller, chairman, Farm Credit Committee, A.B.A., and president, Citizens First National Bank, Storm Lake, Ia.; and, *far right*, Merle E. Selecman, A.B.A. executive manager.

Bankers Take a Frank Look at Farm Outlook

"The 1956 Credit Conference was based on the frank assumption that there is a farm problem to be faced . . . and it set out to answer some questions: How serious is the situation? What can be done about it? What part must banks play?"

DWIGHT J. TOWNSEND

MR. TOWNSEND is assistant director of the News Bureau of the American Bankers Association.

BY the end of the Fourth National Credit Conference in Chicago, the unanimous conclusion was that things are not nearly so bad with agriculture as they are painted. At the very outset, Harry W. Schaller, a member of the A.B.A. Agricultural Commission, had said as much in his introductory remarks opening the conference.

"Agriculture's balance sheet is still good, even though current operating results are unsatisfactory,"

Mr. Schaller pointed out. "Farmers have done a truly remarkable job of marshaling their financial resources accumulated during the years of inflation associated with World War II, reconstruction, and the Korean conflict. Never before have our farms been equipped so well or manned so capably as they are today. Furthermore, many farmers continue to evidence great confidence in the future." Mr. Schaller is president, Citizens First National Bank, Stone Lake, Ia.

Chicago is very literally the capital of America's farm community. Unlike some nicknames adopted by

cities, that one is true, and it was never truer than during the week of November 28. For during that week the interest of almost everyone having anything to do with agriculture was centered in Chicago.

Bankers, of course, were concerned chiefly with the National Agricultural Credit Conference, which met in the Morrison Hotel, December 1, 2, and 3—Thursday, Friday, and Saturday of that week. But the A.B.A.-sponsored talks on the 1956 outlook for the farmer and his banker were not held in a vacuum far from the farmer himself. Running concurrently in Chicago were

the International Livestock Exposition and the National 4-H Congress; and thousands of the bankers' farm customers, present and future, were right in town.

A Hard Working Affair

This Agricultural Credit Conference, which has grown from a small roundtable of farm representatives four years ago into a major meeting of 600 bankers, has always been a hard-working affair. The bankers come to learn and plan. The program is crammed with top-flight farm experts; and the discussions are frank, practical, and searching. This is no place for the speaker who wants to hide his real opinions behind a veil of words. These rural bankers want the answers.

The 1956 conference was based on the very frank assumption that there is a farm problem to be faced—that farm incomes have indeed declined, that drought is having its effects in the Southwest, and that some unavoidable political wrangling over Government farm policy lies ahead. From that point, the conference set out to answer some questions: How serious is the situation? What can be done about it? What part must bankers play?

Position in General Good

Following Mr. Schaller to the platform, other speakers at the opening session underlined his report. Commission Chairman Jesse W. Tapp, chairman of the board of California's Bank of America, said: "The financial position of farmers is generally quite good. As compared with the situation in the 1920s and 1930s, their financial position is extremely good." And Erle Cocke, vice-president of the American Bankers Association and vice-chairman, Fulton National Bank, Atlanta, added: "The overwhelming majority of farmers are expressing a firm faith that current problems can be solved over the long run. They are continuing a heavy investment in machinery and equipment; many of them are buying additional land; practically all are making long-range plans to increase the efficiency of their operations."

However, none of the men sidestepped the fact that a farm problem of considerable proportions does exist. For example, Mr. Cocke went on to say: "The trend of the general agricultural price level has been and

continues downward. This picture thus far has not been changed by the condition of general prosperity in the rest of the economy; and it is a cause for concern on the part of not only farmers but also business groups as well as our Government leaders. Mounting surpluses of some products, and declining farm prices, make it necessary to reappraise our basic agricultural policy."

Speeches . . . And Informal Talks

Thus the opening morning set the background for the discussions to follow during the next two days. The problem was stated, and it was time to explore the whys and wherefores of it. And explore the bankers did—not simply by listening to speeches by others, but with actual informal talk among themselves. The Agricultural Commission had promised that the meeting would emphasize free exchange of ideas. Two devices were used to allow the bankers to speak up—panel discussions with ample time for questions from the floor and an afternoon of "bull sessions." These latter broke the conference up into eight small groups meeting simultaneously in different rooms. Under the guidance of two discussion leaders, each of the groups spent the afternoon "talking out" the situation on the nation's farms and its effect on the banks.

Surplus Is "Devil" of Farming

During those following days, one word emerged as the core of our perplexing agricultural problems. It was characterized again and again by both speaker and panelist as the "devil" in the farm picture. That word is "surplus"—the ability of the American farmer to produce more food and fiber than the demand can use up. What to do about those surpluses and the whole related area of prices is the heart of the farm problem.

Different speakers had different ideas, no one claiming that his was the cure-all. Dr. O. B. Jesness, head of the Department of Agricultural Economics at the University of Minnesota, tackled the problem head-on. "Since the surpluses are not spread uniformly across the board, the attack on them must be varied among commodities rather than a blanket one," said Dr. Jesness. "For example, acre allotments under the marketing quota on wheat are not the

appropriate attack on an overexpanded capacity. Were the excess purely temporary, it would be different. The present program makes inadequate distinction among grades and classes, among farmers and areas which should curtail and those which should stay in wheat, among farmers who have expanded acres in wheat and those who have cut back, among those who grow wheat for their own use and those who grow for market."

Dr. Jesness also suggested that perhaps there were still too many people engaged in farming, despite the migration into the cities. "Mobility and adaptability of population must be given prominent place among the factors which have made this country great," he said. "It is not a case, as some proclaim, of 'plowing under the marginal farmer' or of 'driving' people off the farm. Instead it is attracting them by better opportunities elsewhere."

The men from the dairying areas thought the key there might be in cutting the costs of production and attracting more customers by better products and lower prices. Rex R. Bailey, president of the Doane Agricultural Service, suggested that "if the dairy operators are to make their products cheaper, there are three main factors to be considered: (1) the need to reduce total labor consumed in the production of the product; (2) the need to reduce the amount of capital investment in buildings and facilities with which to operate the projects; and (3) the need for less costly feed."

Fear Is Livestock Factor

The livestock men saw the surplus in their business tied up with the producers' marketing methods. "Fear is a major factor in depressing the livestock industry," Harold P. Dugdale, president of the Dugdale Packing Company, told the conference. "The cattle feeders overload the market because of that fear. They don't care whether they are losing money or not. Some of them make up their minds that whether the market is good or bad, they are going to sell."

O. V. Wells, administrator of the Agricultural Marketing Service of the Department of Agriculture, joined in for the Government: "The real question is what are the techniques, what are the devices, what are the possibilities that we may be

able to slow down or at least temporarily curtail the rate of increase in this flow of agricultural products? It is a question that concerns all farmers and farm organizations. It is expressed in the acreage allotments and quotas that the people are now struggling with; it is expressed in soil banking; it is expressed in the idea of people who believe that by shifting to forestry and grass we can, for a time, slow down the rate of growth in agricultural production while, at the same time, we are building for a long-time increase."

Mr. Wells, who had just arrived in Chicago from the Agricultural Outlook Conference in Washington, then put himself out on a limb with some predictions. "Prospects are," he said, "that the net income of American farmers will decline about 5% during the year ahead, as contrasted with the 10% drop during the past year." An indication that the farm problem may be starting to work itself out, perhaps?

Where does all this leave the banks? For after all, American agriculture is financed principally by the thousands and thousands of small banks across the country. The consensus was that it leaves them with the really challenging responsibility of helping the farmer out of any difficulties he may encounter. As Chairman Tapp put it: "It is very important that we be able to work effectively with our farmer customers in their efforts to adapt their operations to basic changes."

Ways to Meet Responsibility

The conference was told of all manner of ways in which banks can meet that responsibility. Samples:

"We are moving forward into two major developments in which banks, along with other credit agencies, will have a leading role. I refer to the Rural Development Program designed to serve small family farmers and to increase the welfare of farm families; and the Great Plains Program which will bring greater stability and dependable prosperity to that vast agricultural empire stretching from Canada south through 10 states."—True D. Morse, Under Secretary of Agriculture.

"To a much greater extent than in the past, credit, properly used, must be one of the tools by which farmers acquire and operate today's efficient enterprises. We should ex-



Current Dairy Developments Panel, left to right, M. M. Kimbrel, executive vice-president, First National Bank, Thomson, Ga.; Al J. Brown, vice-president, Security-First National Bank of Los Angeles, Fresno (Calif.) Branch; Rex R. Bailey, president, Doane Agricultural Service, St. Louis; Nicholas A. Jamba, vice-president, National Bank & Trust Company, Norwich, N. Y., moderator; Carl B. Bender, director of research in Grassland Farming, Sperry Rand Corp., New York; and John L. Stuber, executive vice-president, Citizens National Bank, Marshfield, Wisc.

pect that average debts per borrowers will be much larger than we have been accustomed to think of in the past, particularly among beginning farmers or for farmers on units being converted to new types of farm operations."—Charles N. Shepardson, member, Board of Governors of the Federal Reserve System.

And in a different vein: "I would rate water—too little and too much of it—as the number one problem of our time. At a particular moment in time there is a limit to what the resources base can support in a particular place. There would be many less misused and depleted rangelands in our West, many less fertility-depleted farms, many less critical water shortages—to mention only a few items in our agricultural problems today—if the judgment of bankers were to be influenced by

knowledge of the resource realities in our agricultural economy. How many banks around the country have on their staffs or available as consultants the kind of trained land-use analysts who could advise them about such problems? The bankers of America could be the greatest force for good in the proper use of the resources on which our economy rests if they know about the tie that exists between our ideas, our policies and management principles, and that good God-given stuff under our feet."—Dr. Albert E. Burke, Director of Graduate Studies, Yale University Conservation Program.

Need for Intermediate Credit

It was Governor Shepardson who

made a suggestion in his speech which was picked up by the Agricultural Commission the very next day. On Friday he had told the conference: "An increasing share of farmers' credit needs are for intermediate term types of investment. I feel this is one of the most important areas of farm lending today. Farm mechanization is a semi-permanent type of investment which produces income over a number of years. Just as the income is received over a period of years, similarly the loan to purchase such machinery should properly be repaid over a period of years. Many soil conservation measures and irrigation systems also require and merit longer term credit than is usually available."

Commission to Encourage Intermediate Bank Loan Terms

On Saturday, the Agricultural Commission announced that it was undertaking a program to encourage wider use of intermediate terms in bank loans to farmers. (These are loans to be repaid in a period of from two to seven years.) It noted that the need for this sort of credit is increasing rapidly. It also quoted from a statement by the Board of Governors that such loans were not considered undesirable "as a class" for examination purposes.

The fog was thick in Chicago when the conference broke up—so thick that traffic crept and planes were grounded. But the fog surrounding the outlook for agriculture should have been considerably thinner for 600 bankers.

1956 Agricultural Finance Outlook

"On the whole, the outlook in 1956 is for continuation of the current cost-price squeeze and for some further reduction in net farm income"

NORMAN J. WALL

ALTHOUGH farm prices and farm income were lower in 1955 than in 1954, the estimated total value of farm assets, and of owners' equities in these assets, increased. The explanation lies in the value of farm real estate which has continued to rise in 1955 despite lower farm income (see table).

This unusual farm real estate situation apparently stemmed from: (1) The desire of farmers to enlarge their farms; (2) more liberal loan policies of some mortgage lenders; (3) generally favorable crop yields in 1955; (4) the favorable outlook for the economy at large; and (5) the expectation that the demand for farmland will be favorable in the long run, partly because of a continued high rate of population growth in the United States.

Little Change in 1955

Reports from farmers and lending agencies, obtained in preparation for the annual Agricultural Outlook Conference, indicate little change in the financial condition of farmers during 1955, but suggest that such change as occurred was on the downward side. Nearly half the reporting farmers stated that their debts and overall financial condition in October were about the same as a year earlier, and more than half reported that their liquid assets were not significantly different. However, of the remaining farmers, a majority reported that their financial condition was weaker. Lending agencies on the whole appeared to feel that the financial condition of farmers was somewhat weaker than a year earlier, but they emphasized that their farm customers generally were in good financial condition and that they had few collection problems. In making these reports, apparently neither farmers nor lending agencies recognized any significant change in farm real estate values. Their views appear to have been governed chiefly by changes in value of crop and livestock inventories,

factors affecting farm income, and changes in the debts and liquid assets of farmers.

Conditions in 1955, compared with 1954, appear to have improved most in the southern states. Reports from this region indicate considerable improvement in the financial condition of farmers resulting from excellent crops. In most other areas surveyed, the financial condition of farmers was reported to be less favorable than a year earlier. Some of the least favorable reports came from counties surveyed in the north central region where sharply lower hog prices, and crop yields reduced by drought, had depressing effects on livestock inventories and income prospects.

Farm Debts

Farm debts on January 1, 1956 (excluding CCC loans) are expected to be about 9% above the beginning of 1955. The total amount is expected to approximate \$16.9-billion by the end of 1955. Farm debt will

probably increase in 1956 at about the same rate as in 1955.

Extension and refinancing of debts that have been carried over have increased somewhat. Many farmers who are normally able to meet current obligations have found it necessary to refinance and consolidate debts into longer-term obligations or to carry over their obligations.

On an industrywide basis the farm debt situation in agriculture is generally considered to be sound. However, some of the younger farmers who have not had time to accumulate much equity in their farms, and heavily indebted farmers who are inefficient or are operating small units are in a vulnerable debt position, particularly in areas affected by drought and sharp price declines.

Delinquencies, extensions, and carryovers on non-real-estate farm loans appear to be up somewhat from a year ago, particularly in drought areas and areas that have experienced severe price declines.

(CONTINUED ON PAGE 136)

Balance Sheet of Agriculture January 1, 1955 and Estimated for January 1, 1956

| Item | January 1, 1955 | Estimated for January 1, 1956 | Percentage change |
|--|--------------------|-------------------------------------|----------------------|
| (Billion dollars) | | | |
| Assets | | | |
| Physical assets: | | | |
| Real estate..... | 191.4 | 97.0 | +6.1 |
| Non-real-estate..... | 49.8 | 48.6 | -2.4 |
| Financial assets..... | 22.0 | 22.0 | 0 |
| Total..... | 163.2 | 167.6 | +2.7 |
| Claims | | | |
| Liabilities: | | | |
| Real estate debt..... | 8.2 | 9.0 | +9.8 |
| Non-real-estate debt: | | | |
| Loans held and guaranteed by Commodity Credit Corpora- tion..... | 2.5 | 1.9 | -24.0 |
| Other..... | 7.3 | 7.9 | +8.2 |
| Total liabilities..... | 18.0 | 18.8 | +4.4 |
| Equities..... | 145.2 | 148.8 | +2.5 |

¹Revised.

NEWS for Country Bankers

This department is edited by
MARY B. LEACH of BANKING'S staff.

CCC Interest Rate to Lenders Increased $\frac{1}{4}$ of 1%

THE increase in rates of interest, amounting to $\frac{1}{4}$ of 1% per annum, payable to lending agencies financing Commodity Credit Corporation price support loans on 1955 crops and 1954 resale purchase agreement loans, which became effective Thursday, December 1, is being offered by the Government to bring the rates in line with recent increases in rates on short-term Government and commercial borrowings, according to Jesse W. Tapp, chairman of the Agricultural Commission of the American Bankers Association, and chairman of the board, Bank of America N.T. & S.A., Los Angeles, California.

The increase in payments to lenders will not result in any additional cost to farmers, as the interest to farmers obtaining price support loans will remain at 3 1/2% per annum.

Soil Fertility Folder

THE Colorado Bankers Association has distributed through member banks 45,000 copies of a folder on soil fertility and analysis, originally prepared by the Colorado A & M College. On the final fold is an outline of steps to be followed in taking a soil sample.

Twelve newspaper mats on soil fertility have also been distributed by CBA to member banks for local use. A sample of these advertisements appears elsewhere on this page.

Farm Mortgage Activity

THE most significant development in farm mortgage activity during the first half of 1955 was the sharp increase in the average size

of recordings—an increase of 18%, according to the A.B.A. Agricultural Commission.

The dollar volume of farm mortgages recorded in the first half of 1955 was 29% larger than for the corresponding period a year earlier. The \$1.312-billion recorded is larger than for any six-month period since records were started in 1934.

The total farm mortgage debt outstanding in mid-1955 was about \$8.8-billion, 10% above a year earlier. Banks held \$1.3-billion of this, a 10.8% increase.

Non-real-estate farm loans have increased 9% during the past year, with banks showing a 10% increase.

Banks now hold \$3.2-billion in short-term credit. This is higher than at any time since 1921.

The total debt of farmers is \$18-

One of the Colorado Bankers Association's soil fertility ads

MR. FARMER:



**Does your cow have to
be a combination vacuum
cleaner and mowing
machine to make a good
living on pasture?**

It should not be necessary for a cow to walk a mile to find enough feed. Good pastures just don't happen. They are the result of good seed, fertilizer, and good management.

Come in and visit with us about your credit needs.

NAME OF BANK

(ADDRESS)

P-3

billion—up \$2-billion from 1953. The total value of all farm assets is \$163-billion, a drop of \$3-billion from the peak. The debt of farmers is 11% of their assets. Farmers own quick assets (cash and bonds) to more than pay their debts.

About 7 out of 10 farmers have no mortgage debt. Over 80% of mortgaged farms are mortgaged for less than 50% of market value. Over one-half were mortgaged for less than 30% of value.

Brazil Farm-Leader Visit

WHEN members of the Brazil Farm Organization Leaders visited The First National Bank of Clarksville, Tenn., recently, they were presented with a dossier in English and one in Portuguese giving them the program for the day and miscellaneous material discussing the organization, function, and activities of the bank.

The morning's program included a tour of the bank, a conference on its farm credit operations, and luncheon at a local school. Following the lunch, the U. S. State Department's film entitled (in Spanish) "The Bank That Saved a Community" and (in English) "Bill Bailey and the Four Pillars" was shown.

Later in the afternoon the Brazilian visitors sat in on a conference with one of the bank's farm borrowers and then paid a visit to his farm. The function of both short-term and intermediate credit in the farmer's operations was explained in some detail to the delegation.

Grange Speaks Out

THE National Grange concluded its 89th annual convention by issuing a hard-hitting 23-page statement on agriculture—a statement which had been debated for 10 days in committee sessions and for 3 1/2 hours by the 74 voting delegates.

While insisting that Government aid to agriculture should point to

ward more self-reliance for farmers, the Grange placed increased emphasis on the need for immediate assistance to farmers who receive less income each year while they have to pay high prices for the things they buy.

The Grange declared that "except for large commercial farming enterprises American agriculture is in a state of emergency" and said that to "permit agriculture to decline to inequitably low levels of income not only reduces farmers to the status of second-class citizens, but eventually adds an excessive burden to the total economy."

The Grange criticized the Government's price-support program and what it termed Government failure to sell its surplus agricultural products competitively abroad; it condemned giveaway programs for surplus commodities as providing "no lasting solution," and contended that "only competitive selling in the world market by the United States can be counted on to discourage continued expansion of foreign agricultural production at the expense of American trade."

The Grange would even favor direct trade of foodstuffs to Iron Curtain countries "so long as it does not jeopardize our national security"; favors directing Federal farm programs involving the expenditure of public funds toward the middle-income group of farm families; and favors price supports "only when necessary through the use of non-



The Dallas County, Iowa, 4-H Club group with their Harris Trust and Savings Bank hosts. Second row, right, l. to r., S. G. Harris, chairman, executive committee; Russell Horn, president, Dallas County Bankers Association; and K. V. Wiener, president, Harris Trust

recourse loans and purchases to help achieve and stabilize farm parity income to meet needed emergency adjustments, to reduce incentives for production of surpluses, and to help keep margins of profits to producers balanced between all farm products."

Iowa 4-H'ers in Chicago

THE Harris Trust and Savings Bank, Chicago, was host to 35 Dallas County, Iowa, 4-H Club members and their 10 adult chaperons on November 25. After luncheon, the group toured the bank.

The 4-H Club won a year-long achievement contest which was sponsored by the Dallas County Bankers Association. This entitled

it to an all-expense trip to Chicago to attend the International Live Stock Show and to visit other well known landmarks.

Accompanying the 4-H'ers were Russell Horn, DCBA president and vice-president, Dallas County State Bank of Adel, and Robert W. Goodman, manager of the bank's Redfield office. Gilbert J. McEwen, Iowa representative for the Harris Trust, coordinated the tour.

Farm Costs; Income

“THREE major trends account for the changing nature of American agriculture: (1) The increasing commercialization of American agriculture; (2) the growing use of

(CONTINUED ON PAGE 139)

Retiring A.B.A. Deputy Manager A. G. Brown Is Honored by Agricultural Commission

A. G. BROWN, who has been in charge of the Agricultural Commission of the American Bankers Association for the past 15 years, was honored in Chicago last month for his contribution to banker-farmer relations. Mr. Brown, who retired on January 1 as deputy manager of the A.B.A. in charge of the Agricultural Commission, and secretary of the Subcommittee on Agricultural Credit of the Committee on Federal Legislation, was presented with an engrossed testimonial at the opening session of the Commission's Fourth National Agricultural Credit Conference in the Morrison Hotel.

The presentation was made by Jesse W. Tapp, chairman of the

Commission, and chairman of the board, Bank of America N.T. & S.A., Los Angeles, before approximately 500 bank executives attending the conference.

The citation, which is in the form of a leather-bound book, reads:

In recognition of over 40 years of service to banking as a country commercial banker, as head of the Federal Land Bank of Louisville, as Director of the American Bankers Association's Agricultural Commission for the past 15 years, this testimonial of appreciation and affection is presented to

A. GLEN BROWN

"A. G.," as he is known affectionately everywhere, has been organized banking's leader in promoting broader banking service to farmers. He has been a recognized leader in the field of farm credit and a great influence in keeping

farm credit within the realm of private enterprise. He has been a great force in winning friends for banking. Few men have done as much as he has to bring educators, farm organization leaders, and bankers together in the common cause of service to American agriculture.

As "A. G." retires from active duty at the end of this year, we express our gratitude to him for what he has done and for what he is, a great banker, a fine public servant, a constructive leader whose influence will be with us for many years to come.

The testimonial is signed by Mr. Tapp; Fred F. Florence, president of the A.B.A., and president, Republic National Bank of Dallas; and Merle E. Selecman, A.B.A. executive manager.

(See page 76 for picture and further details.)

"Bank-financed broilers saved our farm"



Mrs. C. H. Young, with her son John, and Purina Dealer Ed Lawman

Mrs. C. H. Young and her son John, a sophomore in high school, operate their small farm near Black Fox, Tennessee. They have one of a number of broiler operations in that area financed by The Merchants Bank, Cleveland, Tennessee. The financing plan, worked out by this bank with the Cleveland Farm Supply Company, Purina Dealer in Cleveland, makes it possible for these farmers to supplement their income with broiler earnings.

Mrs. Young says: "We needed financing to get started in the broiler business. We have now grown five houses—a total of 25,000 birds. It would not have been possible without bank financing and help from our Purina Dealer.

"The Purina Broiler Program has made it possible for me to keep the farm, and to have a lot of things which we couldn't otherwise afford. I plan to paint our house this year from broiler earnings."

Would you like to have more information about profitable poultry and livestock financing in your area? You will want to visit with the Purina Salesman in your county. He is a businessman and knows how feeding operations of Purina customers in the area he covers are currently financed. If you don't know his name and address, write Ralston Purina Company, 1605 Checkerboard Square, St. Louis 2, Missouri.



Mr. Geo. Thorogood, President, Merchants Bank, with Purina Dealers Sam Lowe and Ed Lawman, Cleveland Farm Supply Company.

BROILER GROWERS MAKE GOOD BANK CUSTOMERS

"Broiler growers who follow the Purina management and feeding program make valued bank customers. They do top production jobs and make good loan risks," says Mr. George Thorogood, President, Merchants Bank, Cleveland, Tennessee. Mr Thorogood is checking broiler records with Purina Dealers Sam Lowe and Ed Lawman, Cleveland Farm Supply Company.

"Through the years we have developed many good farm customers by making livestock and poultry loans," says Mr. Thorogood. "These loans, to 4-H and FFA youngsters, as well as farmers—over the last few years, total \$150,000. We have never lost a cent on this business."

Partners in Prosperity

BANK LAW NEWS

Joint Accounts; *In Re Abbrs.*

JOINT ACCOUNTS

COURTS in some states must trouble themselves with nice questions of legal theory when the time comes to decide whether a survivor takes title to funds in a joint account in a savings bank. (See, e.g., "Bank Law News" for November 1955.) Not so the courts of New York, for in that state a statute pro-

vides in part: "*The making of the deposit in such form shall, in the absence of fraud or undue influence, be conclusive evidence, in any action or proceeding to which either the savings bank or the surviving depositor is a party, of the intention of both depositors to vest title to such deposit and the additions thereto in such survivor.*" N. Y. Banking Law §239(3).

IN RE ABBRs.

Court opines that 11/4/54 means the fourth day of November, Nineteen Hundred and Fifty Four, A. D.

DURING 1/56, certain observations of Tennessee's Supreme Court may be of general interest:

"The using of figures and abbreviations to indicate dates of the day of the month, the month of the year,

(CONTINUED ON PAGE 74)

Trend Is Toward Annual Legislative Sessions

A GLANCE at the accompanying map suggests that something's wrong with the old adage that, legislatively speaking, the odd years are the fat years, and the even years are the lean ones.

Little more than half a dozen years ago, it was true that only a bare handful of legislatures—nine of them, to be exact—held regular sessions in the even years. Most of them, 44 in number, met in the odd years. It worked out this way: in five states, Massachusetts,

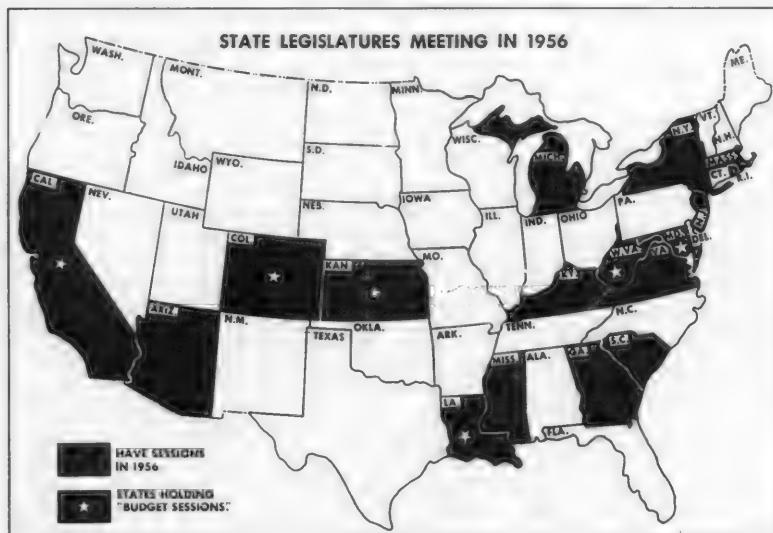
New Jersey, New York, Rhode Island, and South Carolina, the legislatures met annually. In the other 43 states they met biennially, 39 of them in the odd years and four of them, Kentucky, Louisiana, Mississippi, and Virginia, in the even years. Today, 45 legislatures meet in the odd years and 17 of them, a fairly good handful, meet in the even years.

The change has been brought about by the growing trend toward annual

legislative sessions. Starting with California in 1948, nine states have recently come to the conclusion that their legislatures would have to meet oftener than once every two years if they were to keep pace with the needs of modern-age government. Today, legislatures meet every year in 14 states: Arizona, California, Colorado, Georgia, Kansas, Louisiana, Maryland, Massachusetts, Michigan, New Jersey, New York, Rhode Island, South Carolina, and West Virginia.

Six of the states which adopted annual sessions in the last few years placed some limit on the types of bills which their legislatures may consider in alternate years. Generally speaking, these are revenue and appropriation bills. These "budget sessions," so-called, are held in California, Colorado, Kansas, Maryland, and West Virginia in even years, and in Louisiana in odd years.

Here are the dates on which this year's legislative sessions will convene: Arizona, Jan. 9; California, March 5; Colorado, Jan. 4; Georgia, Jan. 9; Kansas, Jan. 10; Kentucky, Jan. 3; Louisiana, May 14; Maryland, Feb. 1; Massachusetts, Jan. 4; Michigan, Jan. 11; Mississippi, Jan. 3; New Jersey, Jan. 10; New York, Jan. 4; Rhode Island, Jan. 3; South Carolina, Jan. 10; Virginia, Jan. 11; West Virginia, Jan. 11.





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(CONTINUED FROM PAGE 72)



Banker and American Surety man team up to foil bandits

Last week in a medium-sized bank, these two men—the banker at left and the American Surety Bank Protection Specialist at right—sat down together to deal with one of the toughest problems confronting bankers today: How to protect the bank against the rising tide of criminal violence and embezzlement.

A patient and painstaking analysis of the bank's security measures uncovered a number of vulnerable points that could be corrected, and these were remedied on the spot. A check of the bank area used by the public disclosed good locations for "Hot Money Cards,"—printed warnings to any bandit "casing" the bank that identifiable money is kept in all tellers' cages. As an added measure of security, the American Surety man provided a supply of

"Holdup Cards," brief instructions which are posted inside tellers' cages and other working areas telling employees what to do before, during and after a holdup.

It was a routine day for the American Surety man. Next day, he was at another bank doing the same thing. It's his job—just part of the service American Surety offers to all banks, free of charge.

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and the year, has become of universal custom. It is a matter of common knowledge that in business dealings with banks and other financial institutions, figures are thus used instead of writing out the name of the day, month, and year. The custom has been adopted to such an extent that modern typewriters have placed on the keyboard a slanting line (/) to be used in separating the figures or to denote the omission of the first two figures of the year.

"Abbreviations formed by the shortening of words and by the use of numerals and the like are employed to express dates and periods of time. For instance, the designation of a year, in dating a paper, by the last two figures of its number, using a slanting line, or comma, or dash, to denote the omission of the first two figures, is entirely unambiguous, and to every one familiar with the usage of the language, it expresses the year as clearly as though it had been written in full.

"The object of writing is merely to express the thought or intention of the writer; and this may be as effectually done by abbreviations of words or other conventional signs, if commonly used and generally recognized, as by words fully written or spoken. Such abbreviations form, indeed, part of language, and do not differ essentially in their nature from words, which, like them, are themselves merely signs of thoughts . . . And under the head of abbreviations are to be included all conventional expressions or arbitrary signs that have passed into common use, such, for example, as punctuation marks, the arabic numerals, and other mathematical signs, and similar signs used by merchants, such as the dollar mark (\$), etc."

In other words, said the court, when a judge "placed beside his name the following: '11/4/54,' there is not a doubt in our minds about his meaning the fourth day of November, Nineteen Hundred and Fifty-Four, A.D." *Grace v. State*, 281 S.W.2d 641.

BRIEF NOTES OF OTHER CASES

Future advances: Where second mortgage was, by its terms, subordinate to bank's first mortgage, and first mortgage gave bank the right to make future advances on

the security of the mortgaged premises, future advances took precedence over the second mortgage, even though bank made them with knowledge of the second mortgage. Auburn Insurance Agency v. First National Bank (Ala. Sup. Ct.) 81 So.2d 600.

National bank as foreign trustee: Alabama law does not prohibit foreign banks from acting as trustee. Tennessee law permits Tennessee state banks to act as trustee outside of the state. A national bank may exercise its trust powers to the same extent as state - chartered banks in the state of its domicile. Therefore, a national bank domiciled in Tennessee may act as trustee in Alabama. Ingalls v. Ingalls (Ala. Sup. Ct.) 81 So.2d 610.

Mortgages: Fact that recorded deed to property recited consideration of "One Dollar and Other Good and Valuable Considerations . . ." and bore no Federal internal revenue stamps, did not impose a duty upon subsequent mortgagees of the property to make inquiry to ascertain the true consideration for the deed. Van Dyke v. Carol Building Co. (N. J. Super. Ct.) 115 A.2d 607.

Accounts receivable: Although transfer of Government warrants constituted a valid pledge, and transfer was not required to be filed under provisions of Florida's Accounts Receivable Act, it might nevertheless constitute a voidable preference. M. M. Landy, Inc. v. Nicholas (U.S. C.A. 5th Circ.) 221 F.2d 923.

Bad checks: Honoring of check which creates an overdraft is not necessarily a violation of Federal statute making it a crime for officer or employee of FDIC insured bank to steal, embezzle or misapply bank funds. Seals v. U.S. (U.S. C.A. 8th Circ.) 221 F.2d 243.

JOHN RENÉ VINCENS

Tragedy: A car without lights and a driver who is all lit up.

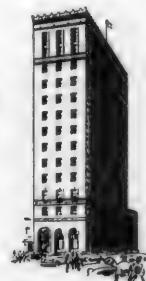
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BANKING NEWS

A. G. Brown, J. E. Baum, T. B. Paton Retire Jan. 1; E. T. Savidge, G. H. Hottendorf, H. M. Sommers Promoted

Three changes will occur in the staff of the American Bankers Association as of January 1, 1956, according to an announcement by Merle E. Selecman, executive manager of the Association. The three changes stem from the retirement of A. G. Brown, who has been deputy manager in charge of the Agricultural Commission and secretary of the Subcommittee on Agricultural Credit of the Committee on Federal Legislation for the past 15 years; James E. Baum, who has been deputy manager in charge of the Insurance and Protective Committee since 1924; and Thomas B. Paton, assistant general counsel; secretary of the Committee on State Legislation, and secretary of the Subcommittee on Uniform Commercial Code. Mr. Paton has been a member of the A.B.A. staff since the close of World War I, in which he saw extended service as an infantry captain in France with the 27th Division.

Edgar T. Savidge, who has been secretary of the Agricultural Commission since 1948, has been promoted to deputy manager in charge of the Commission and secretary of the Subcommittee on Agricultural Credit of the Committee on Federal Legislation.

George H. Hottendorf, who has been secretary of the Insurance and

Protective Committee since 1947, has been promoted to deputy manager in charge of that department.

Henry M. Sommers, secretary of the Association, who is also associate general counsel in charge of the legal staff in the New York office, has been appointed secretary of the Committee on State Legislation.

Administrative Committee Action

The three changes were approved by the Administrative Committee of the A.B.A. at its meeting during the recent annual convention in Chicago.

Mr. Savidge, who will head staff activities in connection with the Agricultural Commission and the Subcommittee on Agricultural Credit of the Committee on Federal Legislation, was born at Hopewell, N. J. He is a graduate of Rutgers University and of The Graduate School of Banking. Before joining the American Bankers Association staff in 1946, Mr. Savidge was employed by the Extension Service of Rutgers University and the New Jersey Guernsey Breeders Association. During World War II, he was in the U. S. Army from 1941 until 1945, serving in both the Pacific and European theaters as a captain in the infantry. He is still active in the Army Reserve and presently

(CONTINUED ON PAGE 80)

James E. Baum



A. G. Brown



Thomas B. Paton



State and National Bank Divisions to Meet Jointly

The State Bank and National Bank Divisions of the American Bankers Association and the various committee chairmen of the two divisions will hold two-day conferences in Washington, D. C., on January 31 and February 1, according to a joint announcement by Robert H. Bolton, president of the State Bank Division, and Gibbs Lyons, president of the National Bank Division.

The State Bank Division will hold a conference with the officials of the Federal Deposit Insurance Corporation on Tuesday, January 31, and on the same day the National Bank Division will meet with the Comptroller of the Currency.

The two divisions will meet jointly on February 1 with the members of the Federal Reserve Board and the respective heads of the A.B.A. Committees on Federal and State Legislation. Lee P. Miller, president, Citizens Fidelity Bank and Trust Co., Louisville, Ky., is chairman of the Committee on Federal Legislation, and Ben C. Corlett, vice-president, American Trust Company, San Francisco, is chairman of the Committee on State Legislation.

Mr. Bolton is executive vice-president, Rapides Bank and Trust Company in Alexandria, La., and Mr. Lyons is president, First-Stamford National Bank & Trust Company, Stamford, Conn.

Speakers for Seminars at 20th Anniversary Reunion of G.S.B. Are Announced

Alumni, Faculty, and Students Will Honor Dean Harold Stonier

A program for the four seminars on banking subjects to be presented during the 20th Anniversary Reunion of The Graduate School of Banking to be held at the Sheraton-Astor Hotel, New York City, on February 3, 1956, has been announced by Robert W. Sparks, general chairman of the Anniversary Committee, and first vice-president of The Bowery Savings Bank, New York City.

The Graduate School of Banking is a school for graduate study for bank officers, conducted by the American Bankers Association at Rutgers University, New Brunswick, N. J.; and at five-year intervals, it holds an anniversary reunion, in New York City. This year it is expected that 2,000 of the 6,000 eligible alumni, faculty, and students will attend and will participate in honoring Dr. Harold Stonier, founder, and director of the School until this year, who is now its dean and chief executive officer.

"While there will be a college atmosphere at our reunion," according to Chairman Sparks, "the day's program will include many serious features. The students and alumni, who are senior bankers active in the affairs of the parent A.B.A., in a sense control and are in a position to evaluate the School."

Four Seminars

During the afternoon, there will be four seminars paralleling the Graduate School majors of commercial banking, investments, savings management, and trusts, in which students and faculty members will discuss the work of the School and suggest improvements in the various courses of study. A banquet will be held in the evening.

The seminar programs announced by Chairman Sparks follow:

"The Economics of Automation" by John K. Langum, Economic Consultant, Chicago.

"Executive Development" by John Patterson Currie, Management Consultant, New York.

"Economics and Credits"—a panel moderated by Dr. William A. Irwin,



W. G. F. Price



Robert W. Sparks



Harold Stonier



Wm. A. Irwin

retired associate director, The Graduate School of Banking, and Economist, A.B.A., White Plains, N. Y. Panel members include: William G. F. Price, vice-president, The Chase Manhattan Bank, New York; Harry C. Culshaw, vice-president, The Pennsylvania Banking and Trust Company, Philadelphia; and Carlisle R. Davis, vice-president, State-Planters Bank and Trust Company, Richmond.

Investments Panel

"The Business and Investment Outlook"—a panel moderated by Charles W. Elliason, Jr., vice-president, Commercial National Bank, Peoria, Ill.

Subtopics and the panel members: "General Business Outlook" by Dwight W. Michener, economist, The Chase Manhattan Bank, New York; "Long Term Capital Markets" by James J. O'Leary, director of research, Life Insurance Association of America, New York; "Short Term Interest Rates and Bank Portfolio Policy" by Wesley Lindow, vice-president, Irving Trust Company, New York; and "Outlook for Common Stocks" by T. J. Herbert, vice-

C. A. Bethel



Wesley Lindow



Restudying Draft Plan for Insurance Premiums

The Bank Management Commission of the American Bankers Association is restudying the draft plan for instalment payment of insurance premiums. In September 1954, the Commission issued a statement of what it considered the undesirable features of such a plan.

The Commission has been approached to reconsider its recommendations in the light of new proposals which were designed to overcome previous objections, and further, because some of the A.B.A. member banks are now participating in such plans.

As its first step in the new study, the Commission has mailed to all member banks of the A.B.A. a short questionnaire. The replies to the questionnaire and discussions with individual banks and insurance companies should, the Commission feels, provide the necessary facts for a further recommendation.

In withholding approval of the plan in 1954, the A.B.A. pointed out that while the payment of monthly drafts on bank accounts would effect a savings for insurance companies, it would increase bank costs and operational problems.

president, Fundamental Investors, Inc., Elizabeth, N. J.

Presiding, Howard T. Berg, manager, Life Insurance Department, The Savings Bank of Utica, N. Y.; president, Savings Group, The Graduate School of Banking.

"The Housing and Mortgage Picture" by Dr. Ernest M. Fisher, professor of urban land economics, Columbia University, New York.

"Housing Technology" by Dr. William H. Scheick, executive director, Building Research Advisory Board, Washington.

"A Review of the Tax Situation in Washington" by Carlysle A. Bethel, senior vice-president and senior trust officer, Wachovia Bank and Trust Company, Winston-Salem, N. C.

"The Development of Trust Law Since 1935" by Austin W. Scott, professor of law, Harvard University Law School, Cambridge, Mass.

"The Development of Trust Business Since 1935" by Gilbert T. Stephenson, retired director of trust research, The Graduate School of Banking, Pendleton, N. C.

A.B.A.'s 8th National Credit Conference in Chicago, Jan. 16-18, to Hear Business Leaders, Prominent Bankers

Key leaders in such businesses as petroleum, instruments, transport, and merchandising will join with speakers representing the Federal Reserve System and the privately owned and operated banks of the nation to appraise the business outlook for 1956 at the Eighth National Credit Conference of the American Bankers Association, which will be held at The Conrad Hilton, Chicago, January 16-18, 1956.

The preliminary program for the conference, containing a complete list of speakers for the three days, has been announced by George S. Moore, chairman of the Credit Policy Commission of the A.B.A., who is executive vice-president of The First National City Bank of New York.

Business, Industry Speakers

From business and industry will come Theodore V. Houser, chairman of the board, Sears, Roebuck and Company, Chicago; R. C. Ingersoll, chairman and president, Borg Warner Corporation, Chicago; Roy A. Fruehauf, president, Fruehauf Trailer Company, Detroit; and Robert E. Wilson, chairman of the board, Standard Oil Company of Indiana, Chicago. Delos C. Johns, president, Federal Reserve Bank of St. Louis; and Edward A. Wayne, first vice-president of the Federal Reserve Bank of Richmond, Va., will represent the Federal Reserve System. The bankers on the program will be headed by Fred F. Florence, president of the A.B.A., and president of the Republic National Bank of Dallas, and will include representatives of banks of all sizes and from all sections of the United States.

The conference will bring together about 1,000 bank credit executives from all parts of the country and will be devoted to discussions of the economic and political framework within which credit men will operate during the coming year. Addresses will cover all of the classifications of credit and the operations of both small and large banks in the field, and the credit outlook will be reviewed by a panel at the session on Tuesday afternoon, January 17.

The preliminary program for the conference follows:



George S. Moore



Robert E. Wilson



S. M. Fleming



Delos C. Johns

Monday, January 16, 1956, 10 A.M.

Chairman, Mr. Moore. "Introductory Remarks" by the chairman.

Address by President Florence.

Address by Mr. Houser.

Monday, 2 P.M.

Chairman, Robert H. Bolton, president, State Bank Division, A.B.A.; executive vice-president, Rapides Bank and Trust Company, Alexandria, La.

Address by Mr. Ingersoll.

"Agricultural Credit" by Walter M. Willy, past chairman, Country Bank Operations Commission, A.B.A.; chairman of the board and president, Security Bank, Madison, S. D.

"Real Estate Credit in 1956" by Cowles Andrus, chairman, Committee on Veterans' Mortgage Loans, Savings and Mortgage Division, A.B.A.; executive vice-president, County Bank & Trust Company, Passaic, N. J.

"Executive Development in Banking" by William Powers, deputy

Edward A. Wayne



D. H. Wageman



manager, and secretary, Committee on Executive Development, A.B.A., New York.

Tuesday, January 17, 9:30 A.M.

Chairman, Sam M. Fleming, vice-president, National Bank Division, A.B.A.; president, Third National Bank in Nashville, Tenn.

"Credit Round-up from the West" by Don H. Wageman, chairman, executive committee, Seattle-First National Bank, Seattle.

"Small Business Loans" by William F. Kelly, chairman, Small Business Credit Commission, A.B.A.; president, First Pennsylvania Banking and Trust Company, Philadelphia.

"Outlook for Consumer Instalment Credit" by T. C. Boushall, chairman and president, The Bank of Virginia, Richmond.

Address by Mr. Fruehauf.

Tuesday, 2 P.M.

Chairman, Earle A. Welch, president, Savings and Mortgage Division, A.B.A.; treasurer, Meredith Village (N. H.) Savings Bank.

"The Probable Impact of Atomic Power on the Energy Industries," by Mr. Wilson.

"Reverberations of 1955" by Mr. Johns.

"Credit Outlook," panel moderated by Milton Drake, vice-president, The Detroit Bank.

Panel members: T. W. Johnson, vice-president, Security - First National Bank of Los Angeles; John F. Mannion, senior vice-president, Continental Illinois National Bank & Trust Company, Chicago; and Mr. Wayne.

The "Credit Outlook" panel was arranged by the Robert Morris Associates. Both Mr. Drake and Mr. Johnson are former presidents of RMA.

Wednesday, January 18, 9:30 A.M.

Chairman, Sherman Hazeltine, president, The Bank of Arizona, Prescott.

"Credit as Viewed by a Small Banker," by William M. Lockwood, president, Howard National Bank & Trust Company, Burlington, Vt.

Address by Kenneth V. Zwiener, president, Harris Trust and Savings Bank, Chicago.

"Credit Policy and Interest Rates" by Roy L. Reiverson, vice-president, Bankers Trust Co., New York.

Summary by Chairman Moore.

MEMO:

Conrad Hilton Hotel, Chicago

January 16, 17, 18, 1956

A.B.A.'s 8th National Credit Conference

Sponsored by the Credit Policy Commission

TARGETS

- (1) Analysis of current conditions.
- (2) Recognition of trends affecting bank credit policies for 1956.

TIMELINESS

- (1) It's time for inventory of physical assets and future plans.
- (2) It's time for evaluating political events and governmental programs.

TOPICS

Possible developments and trends in 1956—Treasury and Federal Reserve fiscal and monetary policies—Federal spending—Agricultural prospects—General business conditions—Construction—Inventories—Consumer spending and credit requirements—General demand for bank credit—Interest rates—Taxes.



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Annual Executive Session Is Held by A.B.A. Bank Management Commission

Programs Aimed at Better Service, More Efficiency

The Bank Management Commission of the American Bankers Association met in Detroit Nov. 30-Dec. 2 in its annual executive session to appraise its program of providing better service for bank customers and increased operating efficiency within banks. The meeting was presided over by Commission Chairman William W. Cottle, vice-president and cashier, Security-First National Bank of Los Angeles. The Commission's members reviewed the work of the past year and considered new projects.

A project of special interest which has been occupying the Commission recently is a program aimed at developing devices to do automatically much of the work involved in handling checks within banks. At present, most of this work is done by hand at great expenditure of time and money. The Commission is not attempting to design the new electronic machines needed to convert to automatic check handling, but is aiding and advising the business machine manufacturers in their development. Earlier this year, the Commission provided the machine firms with a detailed description of bank requirements and limitations in the field of automatic check handling.

Beyond its work in automation, the Commission has in progress

Retirements, Promotions

(CONTINUED FROM PAGE 76)

holds the rank of lieutenant colonel.

Mr. Hottendorf is a native of Brooklyn. From 1916 to 1923, he was chief clerk and assistant manager of the Criminal Investigation Department of The William J. Burns International Detective Agency of New York City, with the exception of time out for service in the U. S. Army during 1918. Mr. Hottendorf was awarded a degree in law by the Brooklyn Law School of St. Lawrence University. He was admitted to the New York State Bar in 1929. He joined the staff of the A.B.A. in 1923 as assistant to the manager of the Insurance and Protective Department, being promoted in 1931 to assistant secretary of the Insur-



Clockwise: Edgar T. Savige; George H. Hottendorf; and Henry M. Sommers

ance and Protective Committee and in 1947 to secretary of the Committee.

(CONTINUED ON NEXT PAGE)

such other projects as work on check standardization and simplification, simplification of bank endorsement stamps, safe deposit procedure, account analysis, cost accounting, etc.

In addition to Mr. Cottle, members of the Commission are: G. Edward Cooper, vice-president and cashier, Philadelphia National Bank; Philip H. Cordes, assistant comptroller, Continental Illinois National Bank and Trust Company, Chicago; W. Dale Critser, general vice-president and cashier, Fourth National Bank in Wichita, Kan.; George A. Guerdan, vice-president and cashier, First National City Bank of New York; Orval U. Habberstad, president, Union National Bank, Rochester, Minn.; Owen T. Jones, vice-president and controller, American

Trust Company, San Francisco; John A. Kley, vice-president, The County Trust Company, White Plains, N. Y.; Charles A. Kramer, president, Farmers and Merchants State Bank, Fredericksburg, Va.; Arthur McCormack, assistant vice-president, The First National Bank of Miami; Harold E. Randall, vice-president and comptroller, First National Bank of Boston; Harry C. Schaefer, vice-president, National Bank of Detroit; John A. Wallace, executive vice-president, Willard United Bank, Willard, Ohio; Fred H. Waterhouse, assistant vice-president, First National Bank of Minneapolis; and Melvin C. Miller, deputy manager of the American Bankers Association, New York, secretary.

The Bank Management Commission in session. Seated, clockwise around the table, Messrs. Miller, Wallace, Randall, Waterhouse, McCormack, Jones, Guerdan, Cooper, Habberstad, Kley, Schaefer, Kramer, Cordes, Critser, and Cottle



Retirements, Promotions

(CONTINUED FROM PAGE 80)

Mr. Sommers, who has held the post of secretary of the American Bankers Association since 1952, joined the organization in 1939 to assist with research, writing, and editing of the fourth edition of "Paton's Digest of Legal Opinions." He became a permanent member of the Association's Legal Department in 1944 and was named assistant general counsel in 1948. During the 1955 convention, he was advanced to the post of associate general counsel. Mr. Sommers is a native of New York City and has a background of banking experience in addition to his degree and experience in general practice in the law.

Long Service to Bankers

Mr. Brown is a native of Armstrong, Ill., and graduated from Northwestern University, Evanston, Ill., in 1912. Following graduation, he became cashier of the First National Bank, Willisville, Ill.; in 1913 he was made president of the First National Bank, Dieterich, Ill.; and from 1917 to 1930, he was president of the First National Bank, Greencastle, Ind. During the year 1928-29, he served as president of the Indiana Bankers Association.

From 1930 to 1935, Mr. Brown was president of the Federal Land Bank of Louisville, Ky., president of the Federal Intermediate Credit Bank of Louisville, and executive vice-president of the Farm Credit Administration at Louisville. From 1935 to 1940 he was president of the Ohio Citizens Trust Company, Toledo, O.

He joined the A.B.A. staff in 1940 as deputy manager and director of the Agricultural Commission.

Mr. and Mrs. Brown will make their home in Toledo, O.

Mr. Baum received his education in the New York City schools and in the Wharton School of Finance and Commerce at the University of Pennsylvania.

From 1911 to 1917, he was traveling auditor in the public utilities field, and in 1917 he went to the Far East as a traveling auditor for a New York banking house. Later he served as an investigator and organizer for the Socony-Vacuum oil interests in the Far East. He returned to the United States in 1921 to become field secretary of the International Chamber of Commerce, later

Omit Salary Requirement as Test of Executive and Remove 20% Restriction for Non-exempt Work, ABA Urges

The American Bankers Association recommended the elimination of a salary requirement as one of the tests for executive and administrative employees and the removal of the present 20% restriction on the amount of time such exempt employees might spend on non-exempt work at hearings of the Wage Hour Division of the U. S. Department of Labor in Washington, D. C., on December 12.

The A.B.A. believes that a salary requirement is not a fair test of executive and administrative status. "The only true test," the statement said, "is the occupational test based on duties performed and responsibilities carried. The Association, therefore, recommends the elimination of all salary requirements from the definitions of executive, administrative, and professional employees, usually called 'exempt employees.'"

After presenting facts to prove its position that of the 14,500 banks in the United States, the great majority are small banks and that

becoming associated with the National Retail Dry Goods Association.

Mr. Baum is married and lives in New York City.

Mr. Paton is a native of New York City, where he attended the public schools. He graduated from Columbia University in 1911 and was admitted to the New York State Bar in 1915. In addition to his World War I Army service, he served in 1913 with the 71st Regiment of the New York National Guard and in 1916 served on the Mexican border.

Mr. Paton was editor of *Paton's Digest of Legal Opinions and Banking Law* from 1919 to 1944; from 1946 to 1952 he was chairman of the American Bar Association's Committee on Model Banking Code for States; and is presently chairman of the American Bar Association's Committee on Current Banking Decisions and Legislation. He has authored various studies on state taxation, banking statutes and forms, including a standard form of collection agreement. The Model Banking Code for States is used as a guide in revising banking laws in the several states.

Mr. and Mrs. Paton reside in Great Neck, L. I., N. Y.

banking is predominantly small business with relatively small average gross current operating earnings, the Association went on to say that "some people may brush aside the problems confronting small banks because they employ comparatively few people. . . .

"These banks are already facing a problem with the increase in the minimum wage to \$1 per hour. To force another increase in total salary costs by increasing salary requirements for exempt employees would further aggravate a serious situation. . . ."

With respect to the present 20% restriction on the amount of time an exempt employee may spend on non-exempt work, the A.B.A. pointed out that:

"The functions performed by banks are such that most of the work must be processed the day it is received, or at the latest the next day. Consider the function of paying checks. They must be paid promptly by the bank or returned to the sender. . . .

"The American Bankers Association, therefore, suggests that in your review of what, if any, changes should be made in the salary requirements for exempt employees, consideration should be given to the related problem of the 20% rule. It is recommended that this limitation be eliminated so that maximum flexibility in operations can be maintained in order to better serve the public. An individual meeting the other requirements for exempt status should not be denied exemption because of time spent on work that may be ruled to be non-exempt."

Wage Schedule Memo

In order to assist banks in revising wage schedules to comply with provisions of the Fair Labor Standards Act of 1938 as amended, which among other things increases minimum wages to \$1 per hour, effective March 1, 1956, the Department of Bank Personnel Administration of the American Bankers Association has mailed to all members of the Association a memorandum on current wage-hour subjects.

Credit Corporations Active in 10 States, Says Small Business Credit Comm.

Development Credit Corporations Booklet Available on Request

Experience gained in the operation of 55 bank credit groups organized in 1944 under the sponsorship of the Small Business Credit Commission of the American Bankers Association showed that the primary financial requirement of small business was for equity capital. This gave rise to the organization of development credit corporations now active in 10 states, according to a booklet, *Development Credit Corporations*, which has been published by the Small Business Credit Commission of the A.B.A. Copies of the booklet have been mailed to officers of state bankers associations and members of the Credit Policy and Small Business Credit commissions of the Association, and will be available on request to bankers and state government officials interested in this subject. The booklet describes the steps in organizing and financing a development credit corporation and gives other information about a program to benefit the economy of a state in general and small business in particular.

Small Business Credit

According to the booklet, the Small Business Credit Commission of the A.B.A. was organized in 1944 and had for its objective to see that bank credit was made available to competent individuals, firms, and corporations needing it for constructive purposes. This program was put into operation by encouraging banks in the making of term loans, encouraging use of bank correspondent relationships, fostering share-the-loan programs among banks, and aiding in the creation of voluntary bank credit groups. The Commission also undertook a program of education on the problems of small business and sponsored a large number of clinics for small business, in cooperation with universities and colleges. Fifty-five bank credit groups were organized throughout the country to handle so-called marginal loans to small business, and the interest of banks was stimulated in the financial prob-

High Quality Credit Is Essential to Nation's Progress—Fred Florence

Soundness and New Uses of Bank Credit Stressed by A.B.A. Head

The maintenance of a high quality of credit is being recognized more widely as essential to our ability to move steadily forward in our drive for greater economic well-being, said Fred F. Florence, president of the American Bankers Association, in an address before the convention of the Robert Morris Associates.

Continuing, Mr. Florence said that "two aspects of the quality of credit are of vital importance. The first is the soundness or quality of individual loans, which is within the special domain of bank credit officers. In order to assist the process of economic growth through the use of credit, it is necessary that we evaluate the soundness of each and every loan that comes to our attention. . . .

"In a dynamic economy serviced by a progressive and constructive banking system, a second aspect of the quality of credit assumes particular importance. It is akin to the idea of quality of product of the manufacturer—the adaptation of the product to the market. When once

lems of small business and ways to meet them.

"It soon became apparent," the brochure says, "that the primary financial requirement of small business often was not a need for loans, but rather a need for equity capital. This led to a new movement. . . .

"Although details of organization and operation vary considerably," states the new A.B.A. brochure, "certain features distinguish the 10 existing development credit corporations.

"Invariably, the institution is an autonomous corporate unit, with powers to provide venture 'capital' loans without the restrictions imposed on commercial banks. The corporation is accordingly able to extend long-term credit and capital to businessmen (especially those operating small enterprises) whose prospects assure repayment in an enterprise of value to the community, but who cannot qualify for a bank loan. . . ."

The Presidents of the State and National Bank Divisions of the A.B.A.

(See story on page 76)



R. H. Bolton



Gibbs Lyons

we grasp the essential fact that growth causes change and also comes through change, we can understand much more clearly that a growing economy will be a changing economy, and that a changing economy will in turn require new types of financing and new uses for bank credit. We must keep pace with these changes."

"Should Your Child Be a Banker?" Book Is Available

Banking as a career, as exemplified by the success story of Fred F. Florence, who jumped from the obscure occupation of newsboy to bank messenger, from messenger to president of the Republic National Bank of Dallas and on to the presidency of the American Bankers Association, is emphasized in two publications recently mailed by the Public Relations Council of the A.B.A.

The first of these publications is a booklet, "Should Your Child Be a Banker," based on an interview with Fred F. Florence. The second is a reprint of an article appearing in November *BANKING*, entitled "National Spotlight on Careers in Banking." Both publications stem from advertisement No. 17 in a continuing series of New York Life Insurance Company advertisements featuring careers in various industries.

The "Career" booklet is published by the New York Life Insurance Company and is available to banks free of charge in any quantity desired. Orders should be sent to the A.B.A. Public Relations Council, 12 E. 36th Street, New York 16, N.Y.

The *BANKING* reprint includes suggestions on how banks might use this folder in selling banking's career possibilities to high school and college students, other "young people" groups, to teachers, and to parents.

News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

Soundest Financing Basis Is Actual Cost to Dealer

THE A.B.A. Instalment Credit Commission is assembling a list containing dealer's cost price at the factory for every model of every make of automobile, as well as dealer's cost on major accessories.

Recent repossession of automobiles have shown that recovery values have been averaging less than was anticipated at the time the loan was made. Many car prices are merely "suggested" rather than actual prices, allowing dealers to use padded trade-in allowances, large discounts, etc., to promote sales. Thus, if a car is financed on the basis of an inflated price, the true equity is obscure, to say the least.

The Commission therefore is listing actual cost to dealer at the factory, and suggesting that downpayments and amount to be financed be based on a percentage of actual dealer cost—probably 90% to 95%. This would make for a safe and known equity in the vehicle being financed.

The data being compiled will be made available to A.B.A. member banks, probably in looseleaf form and with supplements being issued whenever prices change. There will be a small charge to recover some of the production cost of the service.

The Commission plans a January issue of its *Timely Notes on Instalment Credit* which will describe the project more fully. Banks interested in subscribing to the new service should address requests to the Commission at 12 East 36th Street, New York 16, N. Y.

Adequate Equity Essential

WHEN representatives of dealer groups call attention to the dangers of low downpayments and long terms, it is timely to reaffirm the importance of sound financing standards, cautions George A. Mooney, New York State Superintendent of

Banks, in a letter sent to all state-chartered banks, trust companies, and industrial banks.

Too frequently, he said, the newspapers have carried reports that dealers, under selling pressure of the manufacturers, are disposing of an increasing number of cars on terms which indicate that advancements and repayments have not been geared to provide adequate equities throughout the life of the financing.

Mr. Mooney declared that the automobile has become the major item of consumer goods financed in the instalment credit departments through the medium of direct personal loans and the purchase of dealer paper.

It is not the size of consumer credit that concerns the Banking Department, Mr. Mooney continued, but its soundness.

Must Rely on True Equity

"SALES finance transactions, because of the method of acquisition, create many problems of their own. The dealer credit man—the initial credit interviewer—is also the salesman who is selling the merchandise and, consequently, cannot help but be influenced by the desire to make sales and to satisfy his automobile dealer who produces big sales volume.

"His first interest is to help sell automobiles and not to conduct a valid credit interview. . . .

"The financing agency can only rely with safety on equity value factors. This is not to say, however, that anyone can afford to overlook the personal credit factors of the original purchaser. But, sales finance lenders do not recognize often enough that they are in equity financing in this type of credit transaction. They cannot feel secure in depending on the fact that they would have advanced credit to the customer on an individual basis had he applied for it directly to them in the first place."

—E. F. Wonderlic, administrative vice-president, General Finance Corporation, Chicago, at the Conference

of Bank Correspondents of The First National Bank of Chicago.

Enter Electronics

MELLON National Bank and Trust Company, Pittsburgh, has become the first bank in the nation to do instalment loan accounting with a stored program electronic machine. The bank is using a giant IBM electronic computing machine which does the accounting at a split-second pace.

Known as the "650," the machine sets up all the records for a new loan, audits every aspect of it, calculates new figures when payments are made, and closes the account when the loan is paid off.

The 650 is in Mellon's main office in Pittsburgh where it is a "book-keeper," doing the instalment loan accounting for all 49 offices.

The electronic machine is the same type used by scientists and engineers to solve complicated mathematical problems. In Seattle, a similar machine is used to determine flight characteristics of supersonic aircraft and guided missiles. Another is used in an Air Force jet laboratory in California.

One feature that puts the machine above the level of merely automatic equipment is its ability to "audit." While working, the machine is constantly "proving" its own calculations. In addition, it is making lightning fast audits of loans as it processes them.

Once the electronic machine is "told" what to do by a programmer and fitted with the information it needs, a magnetic drum takes care of answering all kinds of questions. It can solve problems in addition and subtraction at the rate of 200 per second. Problems involving multiplication are done at the rate of 60 per second, and problems in division are handled at the rate of 50 per second. The machine weighs over 2½ tons, requires special air conditioning because it generates enough heat to warm a six-room house.

News for Trustmen

Items and Comment from Our Trust Division and Other Sources

Speakers at 37th Mid-Winter Trust Conference Will Include Businessmen, Financiers, and Members of the Bar

TOPFLIGHT executives from business, finance, and the legal profession will be among the speakers for the 37th Mid-Winter Trust Conference of the American Bankers Association in The Waldorf-Astoria, New York City, February 6-8, 1956. The advance program for the conference was announced by Richard P. Chapman, president of the Trust Division of the A.B.A., and president, The Merchants National Bank of Boston.

The Mid-Winter Trust Conference, which annually brings together trustmen from banks in all parts of the country, is widely known in the field as a clearing house for ideas useful in the management and administration of trusts. In keeping with this objective, the program will include addresses not only from bankers and leaders in the trust business itself but also by leaders in the related fields of business and the law.

In addition to the formal addresses, the program for the three days features panels on such subjects as investments and the building of new trust business through advertising. Monday afternoon at 2 o'clock, there will be three simultaneous sessions—one devoted to corporate trusts, another to pension and profit-sharing trusts, and the third to the problems of smaller trust departments. Each delegate will be able to choose the subject of greatest interest to him.

Among the speakers from outside the banking and trust fields will be Sherwin C. Badger, financial vice-president, New England Mutual Life Insurance Company, Boston; David Luick, president of The Wyatt Company, Chicago; R. McAllister Lloyd, president, Teachers Insurance and Annuity Association, New York City; E. Smythe Gambrell, president of the American Bar Association, Atlanta; and W. Gibbs McKenney, a leading attorney from Baltimore.

The group of representative bankers and trustmen who will ad-



R. P. Chapman



L. S. Headley



J. R. Walther



J. M. Trenary

dress the conference will be led by Fred F. Florence, president of the American Bankers Association and of the Republic National Bank of Dallas, Texas.

An annual feature of the Mid-Winter Conference is a luncheon at which delegates are the guests of the New York Clearing House. The luncheon speaker has not yet been announced.

The advance program follows:

*Monday, February 6, 1956, 9:30 A.M.
Grand Ballroom*

Address by Division President Chapman.

"The Philosophy of a Trustman," by Louis S. Headley, former president, Trust Division, A.B.A., St. Paul, Minn.

Address by Mr. Badger.

2 P.M.

Three sessions to run concurrently

Corporate Trusts

"Administration of Corporate Trusts"—Speaker to be announced.

"Problems of Stock Transfers" by Joseph E. Williams, president, New York Stock Transfer Association; vice-president, The Chase Manhattan Bank, New York.

Panel on "Problems of Corporate Trust Departments" led by Donald A. Hazlett, vice-president, Mellon National Bank and Trust Company, Pittsburgh. Other panelists to be announced.

Pension, Profit-Sharing Trusts

Address by Mr. Luick.

Panel discussion on these topics: "Investments for Pension and Profit-Sharing Trusts" by Arthur L. Coburn, Jr., vice-president, Old Colony Trust Company, Boston.

"Streamlining Accounts" by William F. Lackman, second vice-president, Guaranty Trust Company of New York.

"Recent Developments in Employee Benefit Funds" by Robert S. Swaim, vice-president, The First National Bank of Chicago.

Smaller Trust Departments

"Investment Procedures for Smaller Trust Departments" by J. Regis Walther, vice-president and trust officer, First National Bank in Greensburg, Pa.

Panel on "Problems of Smaller Trust Departments" led by Earl C. Schwalm, vice-president and trust officer, Lincoln National Bank and Trust Company, Fort Wayne, Ind.

Panel members include: J. H. Bowen, vice-president and trust officer, Union National Bank, Little Rock, Ark.; E. William Carr, vice-president and trust officer, Security National Bank, Greensboro, N. C.; Robert C. Masters, assistant director, Division of Examinations, Board of Governors, Federal Reserve System, Washington, D. C.; and Mr. Walther.

*Tuesday, February 7, 1956, 9:15 A.M.
Grand Ballroom*

"Trends in Trust Compensation" by C. Rodgers Burgin, president, The New England Trust Company, Boston.

Address by Mr. Florence.

"CREF and TIAA—How They Work" by Mr. Lloyd.

Panel on "New Business through Advertising" led by Earl S. MacNeill, vice-president, Irving Trust Company, New York.

2 P.M., Grand Ballroom

"Recent Developments in New York Bank Fiduciary Fund" by Charles W. Buek, president, Bank Fiduciary Fund; vice-president, United States Trust Company of New York.

Panel on "Investments" led by E.

T. Bartlett, chairman, Trust Division Committee on Trust Investments; vice-president, The Cleveland Trust Company.

PANEL members include: Ragnar D. Naess, Naess & Thomas, New York, N. Y.; William C. Norby, vice-president, Harris Trust and Savings Bank, Chicago; Michael Pescatello, vice-president, The First National City Bank of New York; and Louis J. Rice, Jr., vice-president, The First National Trust and Savings Bank of San Diego.

Wednesday, February 8, 1956,
9:30 A.M., Grand Ballroom

"Mass Market for Trust Services" by James M. Trenary, chairman, Trust Division's Committee on Trust Policies; executive vice-president, United States Trust Company of New York.

Address by Mr. Gambrell.

Address by Mr. McKenney.

Luncheon

12:45 P.M., Grand Ballroom

Speaker to be announced.

News on Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

Annual Savings and Mortgage Conference in New York City Is Announced

THE intense competition among savings institutions and the effect of taxation on the competitive picture, changing bank policies with regard to conventional mortgage loans, and the effect of credit restriction on mortgage lending, as well as the educational needs of banking in the training of men and women to assume executive positions will be among subjects under discussion at the annual Savings and Mortgage Conference, sponsored by the Savings and Mortgage Division of the American Bankers Association, to be held at the Statler Hotel in New York City on March 5-7, 1956. Advance announcement of the program was made by Earle A. Welch, president of the Division, and treasurer of the Meredith Village (N. H.) Savings Bank.

The three days of meetings will start on Monday afternoon and evening, March 5, with the National School Savings Forum, which will bring together bankers and educators interested in thrift in schools. The school savings activities will begin at 1:30 P.M. with two clinic sessions being conducted simultaneously until 3. The forum will convene at 4 o'clock in the Keystone Room, to be followed by a dinner and a viewing of school savings exhibits.

Tuesday conference sessions in the Grand Ballroom will open at 10 o'clock and will be devoted to the



F. F. Florence



E. B. Schwulst

problems of savings banking. On Wednesday, the sessions will cover bank mortgage lending activities and prospects for 1956.

Tuesday's Speakers

Among Tuesday's speakers, who will discuss taxation as a factor in competition and the effect of intense competition on savings institutions, will be Gaylord A. Freeman, Jr., vice-president, The First National Bank of Chicago, Chicago, Illinois; and Earl B. Schwulst, president, The Bowery Savings Bank, New York City. Mr. Welch will report on the work of the Division. The afternoon session will present a brief review of the management succession problem in banking and a practical program for developing bank executives, including a discussion of clarifying executive job requirements, appraising individual performance and potential, counseling, and techniques that aid development. Participants will be Howard B. Smith, president, Middletown

(Conn.) Savings Bank; William Powers, deputy manager and secretary, Committee on Executive Development, A.B.A., New York City; and George B. Ward, director, Bank Personnel Administration, A.B.A., New York City.

Wednesday's Speakers

On Wednesday at the morning session speakers will be Richard B. Haskell, president and treasurer, Mechanics Savings Bank, Hartford, Conn., who is chairman of the Savings and Mortgage Division's Committee on Conventional Mortgage Loans; V. R. Steffensen, senior vice-president, First Security Bank of Utah N.A., Salt Lake City, who is chairman of the Division's Committee on FHA Mortgages; and Cowles Andrus, executive vice-president, County Bank & Trust Company, Passaic, N. J., who is chairman of the Division's Committee on GI Mortgages.

In the afternoon, a Congressional authority on housing legislation will discuss "The Role of Government in Housing and Real Estate Finance"; and Fred. F. Florence, president of the A.B.A., and president of the Republic National Bank of Dallas, will speak on "The Economics of the Savings and Mortgage Business."

The preliminary program for March 6 and 7 follows:

Tuesday, March 6, 1956
Grand Ballroom, 10 A.M.

Presiding, J. R. Dunkerley, deputy manager, American Bankers Association, in charge of Savings and Mortgage Division, New York.

"Report of the President" by President Welch.

"Taxation as a Factor in Competition" by Mr. Freeman.

"The Effect of Intense Competition on Savings Institutions" by Mr. Schwulst.

Grand Ballroom, 2 P.M.

Presiding, President Welch.

"Executive Development for Banks"—presenting a brief review of the management succession problem in banking and a practical program for developing bank executives, including a discussion of clarifying executive job requirements, appraising individual performance and potential, counseling, and techniques that aid development.

Messrs. Smith, Powers, and Ward will make the presentation.

Wednesday, March 7, 1956

Grand Ballroom, 10 A.M.

Presiding, Daniel W. Hogan, Jr., vice-president, Savings and Mortgage Division, A.B.A.; president, City National Bank and Trust Company, Oklahoma City.

"Advantages of the Conventional Mortgage" by Mr. Haskell.

"Proposals for Changes in Federal Housing Administration and Mortgage Lending Practices" by Mr. Steffensen.

"The Future for GI Mortgage Loans" by Mr. Andrus.



Clockwise, Howard B. Smith; William Powers; and Millicent A. Trichler

Grand Ballroom, 2 P.M.

Presiding, President Welch.

"The Role of Government in Housing and Real Estate Finance" by a Congressional authority on housing legislation.

"The Economics of the Savings and Mortgage Business" by A.B.A. President Florence.

2d A.B.A. Savings Ad Kit

A SECOND kit of advertising aids for bank use in meeting competition for the savings dollar has been completed by the Advertising Department of the American Bankers Association in cooperation with the Savings and Mortgage Division's Committee on Savings and Mortgage Development.

"I figure the first place to save money is in the bank" is the slogan

to which this promotion material is keyed.

As in the case of kit No. 1 (see p. 84, December BANKING), there are three sizes of newspaper ads—2, 3, and 5 columns—with almost identical copy. Also a direct mail folder, a blotter, a display card, a 21½" x 31½" poster, a radio script, and a TV commercial.

School Savings Forum

PLANS for the National School Savings Forum to be held in the Statler Hotel in New York on March 5, 1956, as a part of the Annual Savings and Mortgage Conference of the American Bankers Association March 5-7, are rapidly being completed, according to Millicent A. Trichler, chairman of the Committee on School Savings Banking of the Savings and Mortgage Division, who is also assistant secretary, Dollar Savings Bank, New York City. The theme of the forum this year is "School Savings — Education for Citizenship."

A new feature of the forum program will be two informal round table sessions—from 1:30 to 3 P.M.—where bankers and educators can discuss problems and exchange ideas and experiences.

The general forum session will be held at 4 o'clock. A banker, educator, and bank commissioner will participate in a panel discussion. From 6 until 7:15, exhibits of school savings bank material will be shown. At 7:15, the School Savings Forum dinner will be held.

News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

Congressional Democrats Plan New Housing Bill

A NEW housing bill is reported to be in preparation, under the sponsorship of Democratic members of Congress and with the assistance of former Government officials headed by Leon Keyserling, once head of the White House Economic Advisers. If Keyserling policies prevail it is believed that the bill will be designed to provide credit facilities for upwards of 2,000,000 new houses a year (present rate 1,200,000).

Large-scale public housing projects are also believed to be included in the proposed bill, including provisions for housing older people with Government assistance.

Senate Committee Studies Housing, Mortgage Credit

SENATOR John J. Sparkman recently convened the subcommittee on housing of the Senate Banking and Currency Committee to examine the present status of housing and mortgage credit. Particular emphasis

was directed during the inquiry into the Administration's plan for the volume of home construction, whether or not credit plans were directed at reducing the volume of home construction as a deflationary weapon, and whether or not interest on FHA and VA loans was adequate.

In a similar hearing in 1952 the Sparkman Committee was informed of the need to raise interest rates if FHA and VA loans were to furnish the needed housing at that time. Rates were later raised to 4½%.

(CONTINUED ON PAGE 88)

JANUARY 30-31, 1956

A.B.A. Regional Savings and Mortgage Conference

MUEHLEBACH HOTEL

KANSAS CITY, MO.

• P R O G R A M •

COMPETITION FOR SAVINGS

- (1) How to sell savings
- (2) Taxation and its effect on competition
- (3) FDIC and Federal Savings and Loan Insurance Corp.

INTEREST RATES

- (1) How each bank may individually determine appropriate rate of interest to be paid.
- (2) Trend of interest rates on mortgages.
- (3) Basic interest rates on securities.

INVESTMENT OF SAVINGS DEPOSITS

The profitability of the savings business depends largely on an investment policy designed for a bank with mixed deposits. A realistic investment program will be presented.

MORTGAGE LENDING

The program will provide up-to-the-minute information in the field of mortgage lending.

A popular feature of the program will be the presentation of a "Mortgage Committee in Action." The mortgage committee of a hypothetical bank will discuss a group of new mortgage loan applications. Following the consideration of each case by the committee the audience will be invited to join in discussion before the final vote on approval.

DO NOW

Banks may use the coupon form on this page for advance registration. Upon receipt of this form hotel reservation cards will be supplied.

HOUSING

The current housing boom will be analyzed. While others have reaped rich rewards in the building business, the price of credit has remained low. Yet constant demands are being made for low rates and easy terms.

Authorities will lay the facts on the line for you to use.

LUNCHEONS

A *Farm Mortgage Luncheon* will be held at noon Monday, January 30. An *Insured Mortgage Loan Luncheon* will be held at noon Tuesday, January 31.

Reservations may be requested at the time the advance registration form is mailed.

RECEPTION

All delegates will be guests of the banks of the Kansas City Clearing House Association Monday afternoon preceding the Banquet.

BANQUET

A banquet will be held Monday evening, January 30, to honor the president of the American Bankers Association, Fred F. Florence, president, Republic National Bank, Dallas, Texas.

A.B.A. ADVANCE REGISTRATION

MR. GEORGE C. DUDLEY, Registrar
A.B.A. Regional Savings and Mortgage Conference
First National Bank
Kansas City 41, Mo.

Date

At the regional Savings and Mortgage Conference at the Muehlebach Hotel, Kansas City, Mo., on Monday and Tuesday, January 30-31, 1956, our bank will be represented by:

Name Title

Name Title

(Additional names of registrants may be typed on a separate sheet.)

REGISTRATION FEE—\$10 PER PERSON
Luncheon tickets \$3.50 each. Banquet tickets \$7 each
(Refund will be made upon request to those unable to attend.)

Bank

City & State

By (Name) (Title)

Mortgage Credit—Cont'd

VA Loan Volume Increase

THE Veterans Administration guaranteed 64,497 Veteran home loans totaling \$717,334,355 during October, the highest month in the 11-year history of the GI loan program. The October figures brought the total for the first 10 months of 1955 to 527,918 home loans, totaling nearly \$5.8-billion.

FHA Mortgage Discounts

FHA Commissioner Mason has released information prepared by FHA field offices showing current and past market discounts on FHA mortgages. The lowest discount prevailing on November 1 was 97.6% of par for loans which were originated in the southeastern section of the country, while the national discount average was 98.2%. The report indicated that FHA loans made in the northeastern states generally maintained a 100% market, while a discount of 98.6% prevailed in the Middle Atlantic states, 98.3% in the North-Central states, and 97.9% in the West.

FHA Cuts Downpayments

FHA HAS revised its downpayment requirements for insured loans to finance slum clearance and urban renewal projects (Sections 220 and 221), and on loans to provide housing for members of the Armed Services (Section 222).

The regulation of last July 30 which increased required downpayments by 2% has been removed, and maturities are permitted up to 30 years (instead of 25 years) under Sections 220 and 221.

Fed Credit Terms Support

THE moderately stricter terms required under policies of the Federal Reserve System and the U. S. Treasury were given support in a report issued by the Joint Committee on Economic Policy of the American Life Convention and the Life Insurance Association of America. Announcement expressed the belief that the credit restraint program would aid in eliminating speculative excesses, and would not prevent a healthy volume of home construction and home mortgage lending in the months ahead.

New Housing Starts

COMPARISON of the 1954 and 1955 new permanent nonfarm dwelling unit starts:

| | 1954 | 1955 |
|------------|-----------|-----------|
| Totals for | | |
| first 10 | | |
| months .. | 1,026,200 | 1,161,300 |
| November | 103,600 | 90,000 |

Private housing starts, based upon the November total, are at the seasonally adjusted annual rate of 1,203,000, indicating a decline from the anticipated total which will be achieved in 1955, and compared with the actual total in 1954 of 1,201,700.

Life insurance companies have investment plans which indicate that funds available to home purchasers will not be greatly reduced.

Rush Guaranty Certificates

VETERANS ADMINISTRATION has ordered its regional offices to expedite the issuing of certificates of guaranty to private lenders in order to release unused mortgage funds for GI home loans, the VA announced.

It explained that such certificates are generally required before VA-guaranteed loans may be transferred to permanent investors.

Mortgage Banking Clinic

THE Mortgage Bankers Association of America, in cooperation with the Graduate School of Business Administration of New York University, will sponsor its 11th annual Conference for Senior Executives in Mortgage Banking at the institution's downtown New York City

Prevailing Discount Prices for FHA Mortgages (Section 203)

| Year | Month | National Average of FHA |
|------|--------|-------------------------|
| | | Market Discounts |
| 1953 | July 1 | 98.7% |
| 1954 | Jan. 1 | 97.7 |
| | July 1 | 99.4 |
| 1955 | Jan. 1 | 99.5 |
| | July 1 | 99.0 |
| | Nov. 1 | 98.2 |

Source: FHA—Division of Research and Statistics

campus January 24-26. Central theme of the meeting will be "Mortgage Lending in a Period of Rationed Credit."

Stand-By Credit for FS&L

THE Federal Home Loan Bank Board has adopted a policy of stand-by credit for Federal savings and loan associations. It permits them to borrow from the Home Loan Bank System in amounts up to 5% of their savings share accounts, providing total borrowings from the Home Loan Bank do not exceed 10% of share accounts. This new regulation changes the credit curtailment placed in effect in September which restricted borrowings by member institutions to a ratio related to a corresponding growth in savings.

Construction Volume Soars

THE value of new construction put in place declined seasonally in November, but the \$3.6-billion expended set a new record for the month and was 7% above November 1954, according to estimates of the U. S. Departments of Commerce and Labor. On a seasonally adjusted basis, new construction outlays were at an annual rate of \$41.6-billion.

During the first 11 months of 1955, new construction expenditures amounted to \$38.9-billion, topping last year's 12-month total of \$37.6-billion, and indicating a new annual record for 1955.

FHA Modernization Book

A NEW booklet, "Remodel, Repair, Repay with FHA," has been prepared by the Federal Housing Administration. It is published appropriately with the anticipated drive to "Fix in 1956," a program which will be actively sponsored by private industry to encourage home owners to repair and improve their property. Copies of the booklet are available at 15 cents (25% off for orders of 100 or more) from the U. S. Government Printing Office in Washington.

Korean GI Enrolments

FALL enrolments of veterans under the Korean GI Bill have broken all past records of the training program. Total enrolment for 1955 was expected to pass the 700,000-mark.

Incomplete reports from schools

show that nearly 615,000 Korea veterans were in training on November 1, the Veterans Administration said. This represents a 36% increase over the 451,000 enrolled a year ago, and also is well above the previous peak of 603,000 veteran-trainees, reached on May 1, 1955.

You don't get much help out of a spade merely by calling it one.

Mortgage Debt Repayment

THE Institute of Life Insurance reports that people are meeting payments on mortgage debt at the rate of \$5-billion in 1955, an increase of \$1-billion in two years. Prepayments of mortgages alone are estimated by the Home Loan Bank Board at a rate exceeding \$1½-billion on 1- to 4-family homes.

Amortization on farm mortgage debt is nearly \$500,000,000.

Mortgage Recordings

DURING the first nine months of 1955, nonfarm mortgage recordings totaled \$21.6-billion — 32% above the same period in 1954. Gains varied from 18% for individual lenders to 37% for commercial banks.

CALENDAR—1956

American Bankers Association

| | | |
|------|-------|--|
| Jan. | 16-18 | Nat'l Credit Conf., Conrad Hilton Hotel, Chicago |
| Jan. | 24-25 | Eastern Secretaries Conference, Commodore Hotel, N. Y. C. |
| Jan. | 30-31 | Regional Svgs. & Mortgage Conf., Muehlebach Hotel, Kansas City |
| Feb. | 3 | Graduate School of Banking Faculty Conference, Sheraton-Astor Hotel, N. Y. C. |
| Feb. | 6- 8 | Midwinter Trust Conf., Waldorf-Astoria, N. Y. C. |
| Mar. | 5 | Nat'l School Svgs. Forum, Statler Hotel, N. Y. C. |
| Mar. | 5- 7 | Savings & Mortgage Conf., Statler Hotel, N. Y. C. |
| Mar. | 15-16 | Agricultural Commission Annual Meeting, St. Charles Hotel, New Orleans |
| Mar. | 19-21 | Instalment Credit Conf., Jefferson Hotel, St. Louis, Mo. |
| Apr. | 22-24 | Executive Council, Spring Meeting, The Greenbrier, White Sulphur Springs, W. Va. |
| June | 4- 8 | American Institute of Banking, Adolphus Hotel, Dallas |
| June | 11-23 | The Graduate School of Banking, Rutgers University, New Brunswick, N. J. |
| Oct. | 21-24 | 82nd Annual Convention, Los Angeles, Calif. |

State Associations

| | | |
|------|-------|--|
| Apr. | 10-12 | Georgia, General Oglethorpe, Savannah |
| Apr. | 12-14 | Florida, Hollywood Beach Hotel, Hollywood |
| Apr. | 20-21 | Nevada, Thunderbird Hotel, Las Vegas |
| Apr. | 22-24 | Louisiana, Roosevelt Hotel, New Orleans |
| May | 2- 5 | Pennsylvania, Chalfonte-Haddon Hall, Atlantic City, N. J. |
| May | 3- 4 | Oklahoma, Skirvin Hotel, Oklahoma City |
| May | 3- 5 | South Carolina, Poinsett Hotel, Greenville |
| May | 8-10 | Ohio 7, Deshler-Hilton Hotel, Columbus |
| May | 8- 9 | Tennessee, Hotel Patten, Chattanooga |
| May | 9-11 | Kansas, Topeka |
| May | 10 | Delaware, Du Pont Hotel, Wilmington |
| May | 11-15 | Maryland, Claridge Hotel, Atlantic City, N. J. |
| May | 13-15 | Missouri, Jefferson Hotel, St. Louis |
| May | 13-15 | Texas, Statler-Hilton, Dallas |
| May | 16-17 | Indiana, Claypool Hotel, Indianapolis |
| May | 18-19 | New Mexico, Hilton Hotel, Albuquerque |
| May | 18-19 | North Dakota, Plainsman Hotel, Williston |
| May | 19-26 | North Carolina, Cruise to Havana & Nassau, SS Queen of Bermuda |
| May | 20-22 | California, Coronado Hotel, Coronado |
| May | 21-23 | Arkansas, Arlington Hotel, Hot Springs |
| May | 21-22 | Colorado, Broadmoor Hotel, Colorado Springs |

| | | |
|-------|-------|---|
| May | 21-23 | Mississippi, Buena Vista Hotel, Biloxi |
| May | 23-25 | New Jersey, Chalfonte-Haddon Hall, Atlantic City |
| May | 31- | Alaska, Elks Lodge, Anchorage |
| June | 1- 2 | Connecticut, Equinox House, Manchester, Vt. |
| June | 4- 6 | Illinois, Palmer House, Chicago |
| June | 6-10 | Dist. of Col., The Homestead Hotel, Hot Springs, Va. |
| June | 7- 9 | Massachusetts, New Ocean House, Swamps |
| June | 7- 9 | Washington, Olympic Hotel, Seattle |
| June | 8- 9 | New Hampshire, Wentworth-by-the-Sea, Portsmouth |
| June | 8- 9 | Washington, Olympic Hotel, Seattle |
| June | 10-12 | Idaho, The Lodge, Sun Valley |
| June | 11-13 | Minnesota, Nicollet Hotel, Minneapolis |
| June | 13-15 | New York, Essex & Sussex, and Monmouth Hotels, Spring Lake, N. J. |
| June | 14-16 | Wyoming, Jackson Lake Lodge, Moran |
| June | 15-16 | Vermont, Equinox House, Manchester |
| June | 17-19 | Oregon, Pilot Butte Inn, Bend |
| June | 18-19 | Utah, Jackson Lake Lodge, Moran, Wyo. |
| June | 18-20 | Wisconsin, Schroeder Hotel, Milwaukee |
| June | 21-23 | Montana, Many Glacier Hotel, Glacier National Park |
| June | 21-23 | Virginia, The Homestead, Hot Springs |
| June | 21-24 | Michigan, Grand Hotel, Mackinac Island |
| June | 22-23 | New Jersey Mutual Savings, Monmouth Hotel, Spring Lake |
| June | 22-24 | Maine, Poland Spring House, Poland Spring |
| July | 19-21 | West Virginia, The Greenbrier Hotel, White Sulphur Springs |
| Aug. | 19-24 | P.B.A. Summer School, Penna. State Univ., University, Pa. |
| Sept. | 10-13 | Vermont-N. H. School of Banking, Univ. of Vt., Burlington |
| Sept. | 20-22 | Savings Banks Association of Maine, Wentworth - by - the - Sea, Portsmouth, N. H. |
| Oct. | 5- 6 | Connecticut-Mutual Savings, Wentworth-by-the-Sea, Portsmouth, N. H. |
| Oct. | 11-12 | Nebraska, Fontenelle Hotel, Omaha |
| Oct. | 12-13 | New Hampshire, Fall Meeting, Mountain View House, Whitefield |
| Oct. | 28-31 | Iowa, Fort Des Moines, Des Moines |

Other Organizations

| | | |
|-------|-------|---|
| Mar. | 26-28 | Independent Bankers Assn., Jung Hotel, New Orleans, La. |
| Aug. | 5-17 | School of Consumer Banking, Univ. of Va., Charlottesville |
| Sept. | 17-20 | National Association of Bank Auditors and Comptrollers, The Shoreham Hotel, Washington, D. C. |
| Sept. | 17-21 | National Association of Bank Women, Minneapolis |
| Oct. | 7-11 | Financial Public Relations Association, Dallas, Texas |

How to solve
THE BIG FIVE installment loan problems:

→ Burroughs Coupon-Ledger Plan

1. Stop duplication errors

The customer's complete coupon book is created automatically as a by-product of prescheduling the loan ledger. Coupons and ledger bear identical information regarding each installment.

2. Save customer confusion

Each installment coupon shows complete, legible information—account number, due date, amount of payment and *balance before and after payment*—reduces customer inquiries.

3. Make it easy to pay

Mailed-in payments have increased as much as 50% in some banking instances, because the customer has complete information, a durable coupon for mailing, a convenient record stub.

4. Save teller time

Again, banking experience shows that the simultaneous prescheduling of ledger and coupons, plus more mailed-in payments and easier window transactions, enable tellers to handle a 25% to 50% volume increase.

5. Assure posting accuracy

Each posting of a payment is automatically proved on the payment journal. Amount of any error is printed, localized for quick correction.

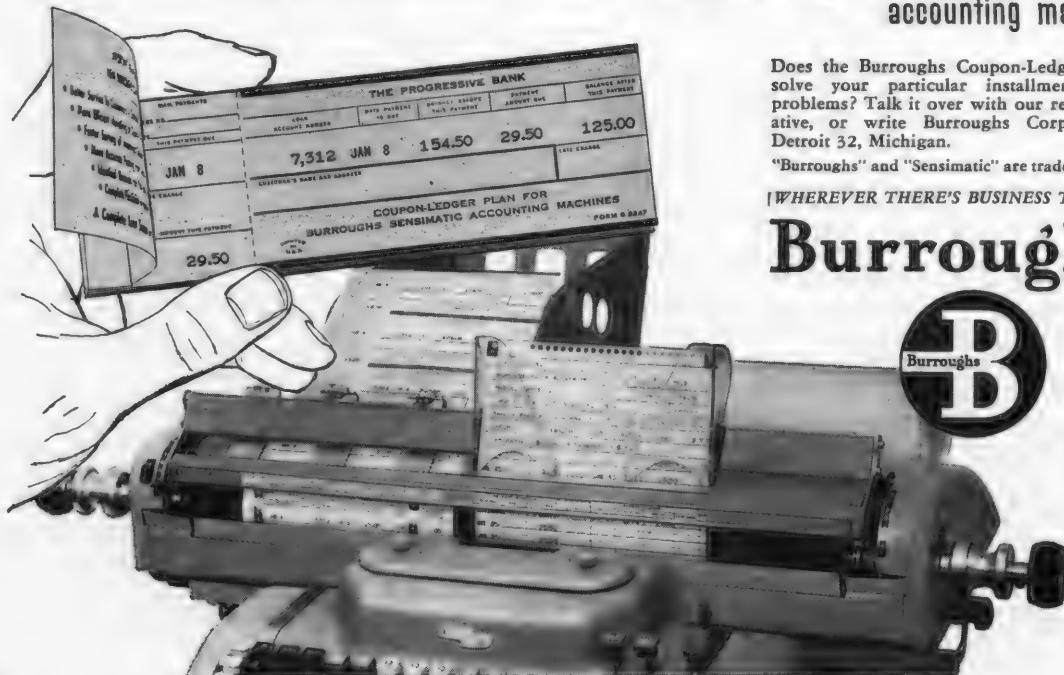
and it's all done on one
Burroughs Sensimatic
accounting machine

Does the Burroughs Coupon-Ledger Plan solve your particular installment loan problems? Talk it over with our representative, or write Burroughs Corporation, Detroit 32, Michigan.

"Burroughs" and "Sensimatic" are trade-marks

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



The Boss Was Pleased

THE young lady had just completed the short orientation course provided by the American Institute of Banking, and was at work at her first real job. The bank asked what she thought of the course, "You and Banking." Had it helped?

"My new boss was pleased with me right away!" she exclaimed.

Another neophyte who had finished one of the three A.I.B. technical courses for beginners said: "This training program made me feel competent rather than scared when I started my first assignment."

These little incidents—both true—dramatize an accomplishment of which the Institute is especially proud: the contribution its preliminary training program has been making these last five years to the solution of the bank personnel problem.

In Minneapolis, Kansas City, Mo., Rochester, N. Y., Richmond and Providence, representatives of the A.I.B.'s 2,500-member teaching staff met last fall with chapter leaders, national officers, and national office

staff to hear reports on teaching methods and to exchange suggestions for broadening the Institute's usefulness, particularly in the training of career bankers and the development of executive material.

Personnel Turnover Reduced

At this series of meetings the methods used in presenting "You and Banking" and the skill courses "Proof and Transit," "The Bank Teller," and "The Bank Bookkeeper," and the results obtained, were canvassed thoroughly. The consensus was that the four beginners' courses had cut personnel turnover, in some cases substantially. A Baltimore banker, for example, said the problem has become "almost nonexistent" at his bank since new employees had been enrolled in the training program. A large eastern bank which uses "You and Banking" in its own training has had a 28% reduction in the rate of personnel "withdrawals." At a California institution the turnover dropped from 60% to 18% after the A.I.B. program was introduced. At Kansas

City one bank reported that the rate was "almost at an irreducible minimum." Casualties were cut 60% in a Washington, D. C., bank.

The conferees agreed that the program has had other good results:

It has accelerated the orientation of new employees, adjusting young people easily and pleasantly to the banking world.

It has served as a feeder to the formal Institute curriculum—the courses leading to the Pre-Standard, Standard, and Graduate Certificates.

Assimilation of young personnel into the operating departments has been appreciably facilitated.

The quality of the workers has improved. One banker said that at his institution the employment application form asks whether the applicant is willing to take the courses. The answers are useful in screening the candidates.

Management Development

The general discussions of the Institute's entire educational program emphasized the organization's part in preparing younger men and women for management positions in American banks.

Dr. Leroy Lewis, A.I.B. national educational director, said there was no shot-in-the-arm course for creating executives. Rather, they must come from among the 120,000 people who have had 10 to 20 years' experience. "You can't buy that," said Dr. Lewis. "You can only build it."

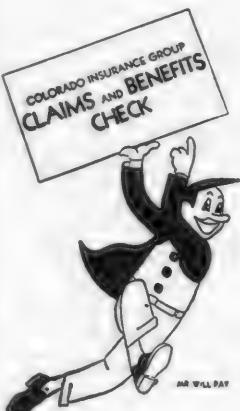
Management development, he pointed out, has two phases: internal and external. The first is the on-the-job training of the potential executive. That phase is the bank's own; the blueprint for it is "Executive Development in Banking," a manual published recently by the Personnel and Customer Relations Department of the American Bankers Association, under direction of Deputy Manager William Powers.

The external phase is the textbook-classroom education outside

At Providence A.I.B. conference, l. to r., Dr. Van B. Hart, New York State College of Agriculture; Harmon C. Martin, assistant cashier, The First National City Bank of New York; Dana F. Batting, vice-president, Malden (Mass.) Trust Co.; Dr. Leroy Lewis, A.I.B. National Educational Director; George E. Levine, vice-president, Providence Institution for Savings; E. Herbert Casperson, assistant secretary, Rhode Island Hospital Trust Co.



THERE'S ALWAYS ONE THAT STANDS OUT



In every field there is one product . . . one company that stands out because it is the best. In the field of credit Life and Disability insurance that stand-out is Colorado Credit Life. The reason, of course, is the **service**. And, service is of real importance to you, the banker. Delay in the payment of a claim can cause confusion and inconvenience in the operation of your bank. Red tape creates worry and unpleasantness to both the banker and the deceased borrower's family. Colorado Credit Life pays immediately . . . and they send all claim checks air mail special delivery.

HERE'S WHAT R. E. ALLEN,
PRESIDENT OF THE PERRY
STATE BANK OF PERRY, MO.,
HAS TO SAY ABOUT COLORADO
CREDIT LIFE:

"We have received your check for \$3,750 in payment of our claim under Credit Life Insurance covering Mr. who died owing us this amount.

"We appreciate the courtesy and speed with which you returned the payment for this claim. I well remember that the first claim paid in Missouri several years ago was to us in the amount of \$5,000 and I never before saw such service in the handling of the claim and the return of the funds as is done by your good company.

"We want you to know that your service to our clients and to our Bank has been exceptionally good and we can heartily endorse the methods of operation that you employ to bring about such outstanding service."

CREDIT LIFE INSURANCE
DEBT CANCELLATION
FIRE INSURANCE
AUTOMOBILE INSURANCE



COLORADO CREDIT LINE
COLORADO
INSURANCE COMPANY
COLORADO CREDIT
LIFE UNDERWRITERS

We invite your questions and requests for information. Wire or call collect to the Colorado Insurance Group Home Office in Boulder, Colorado.

the bank. That's the Institute's role. The A.I.B. graduate courses, said Dr. Lewis, provide the student with "the broad-gauge vision of management." Formal education for management jobs can start right there.

"The A.I.B.," emphasized the educational director, "is the only school available to every banker in America at any time he wants it. Let's utilize what we already have in formal banking education."

A Prof Looks at A.I.B.

For a line on what a college professor thinks of the Institute, listen to Dr. Van B. Hart, New York State College of Agriculture at Cornell University. This professor of farm management, who participated in the Providence conference, said the A.I.B. has "an excellent educational program" because it's backed by the counsel and advice of successful people in banking; is staffed with "teachers who can teach"; uses well-written textbooks; and is managed competently. For these reasons, Dr. Hart asserted, "the quality of the *average* A.I.B. instruction and textbook is more than equal to the quality of the *average* college instruction and text."

He pointed out that "teachers and textbooks can be much more carefully screened in A.I.B. work than in college teaching" and that it's "much more difficult to eliminate poor teachers and poor texts in college work than in the Institute."

"The basic strength of the Institute program," Dr. Hart asserted, "is the recognition that it takes more than a knowledge of a subject to teach it well, or to write about it, or to direct the activities of those who teach and write."

"Added to the recognition of this need of special aptitudes and training for teaching, writing, and managing," he added, "is the ability the A.I.B. has to pick and choose those well qualified to teach, write, and direct."

"Colleges and universities are always handicapped by the prevalence of the idea that if a person knows his subject-matter field well enough, he should be able to teach it well or write a good textbook, or make a good department head or dean, or even do all three. It would be nice if a knowledge of one's subject-matter field were a guarantee of these other abilities, but usually that's not the case."

Real Job of PR

(CONTINUED FROM PAGE 61)

| | |
|---|-------|
| People and Places (DeSoto Division, Chrysler Corp.) | 1,100 |
| Buick Magazine (Buick Division, G.M.) | 1,000 |
| Hometown—The Rexall Magazine (Rexall Drug Co.) | 1,000 |

An external bank publication can provide a link between the bank and its customers. For the depositor who visits the bank only once or twice a year, the arrival of a publication periodically does a job that keeps him satisfied. It is an important means of holding on to cus-

tomers who have moved away from your primary trading area.

Cost Is Less

Dollar for dollar, the cost of a good external bank magazine may be less than any other kind of advertising or public relations effort you can make. We have published our external *Roosevelt Thrift Talks* for 31 years. Consisting of 12 pages in 2-color printed letterpress, it costs us less per month than a fair-sized ad placed once in a newspaper. Our response to a *Thrift Talk* ad on life insurance produces 10 times the results that a couponed ad in a New York newspaper gives us.

The external bank magazine offers an unparalleled opportunity for alert banks to influence present customers and prospective customers. Published regularly, it affords continuity in your over-all public relations and advertising program. It can be distributed by mail or by hand and will pinpoint your efforts where they can do you the most good. Through careful use of subject matter it can create a "personality" for the bank. By direct and indirect methods it can excite interest in your bank services and merchandise them. It can aid immeasurably in building favorable community relations for you.

Main Street

(CONTINUED FROM PAGE 30)

RED RIVER NATIONAL BANK held a two-day open house to open its new aluminum-and-glass building in Grand Forks, North Dakota. The grand door prize was a new car, and there were special door prizes of clock radios for young people and new bicycles for winners 16 years of age or less.

M. C. BABB, manager, National Bank of Commerce, White Salmon, Wash., is new president of the Mid-Columbia Bankers Group. Vice-president is W. L. HENRY, manager, Hood River Branch, United States National Bank of Portland, Oreg.; secretary-treasurer is H. K. JOHANSON, assistant manager, Dalles Branch, First National Bank of Portland.

NOOKSACK VALLEY STATE BANK at Everson, Wash., is now the 48th office of National Bank of Commerce of Seattle.

ALLSTON-MUSANTE ASSOCIATES, INC., New York advertising counsellors, announce formation of a bank advertising division. DORR M. DEPEW has joined the agency to manage the banking division.

W. L. L. PELTZ is now chairman of the board of the Mechanics and Farmers Savings Bank of Albany, N. Y. Other promotions: CLIFFORD G. DAVENPORT, president; KENNETH

CREBLE, first vice-president; JAMES G. KILLOUGH, second vice-president; MARIE T. KENNETH, secretary; DONALD V. G. WIEDEMAN, treasurer and mortgage officer; FRANCES L. MOORE, assistant treasurer.

The new motor banking building of MERCANTILE TRUST COMPANY, St. Louis, has won a citation for good design from the American Institute of Architects.

South Norwalk (Conn.) Savings Bank has this new officer line-up: RUSSELL FROST, JR., chairman; ERIC H. JOHNSON, president; MERLIN J. McCLOUGHAN, vice-president; WILLIAM F. BREIDENBACH, treasurer; HARRISON T. RYDER, secretary; ANNA Y. HASTINGS, assistant treasurer and assistant secretary.

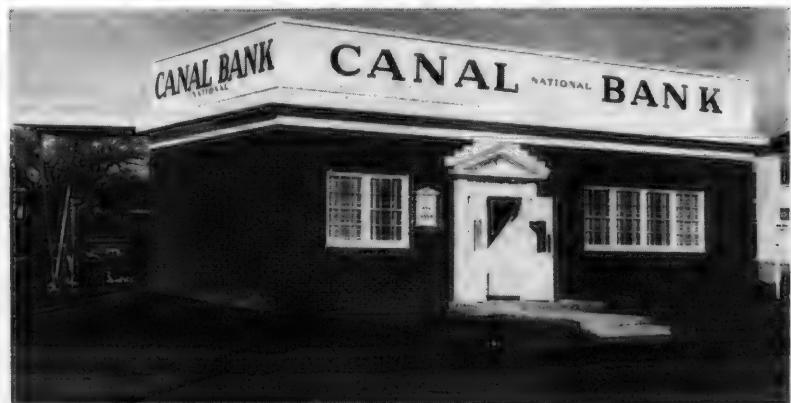
The NATIONAL CITY BANK OF CLEVELAND gave away \$1,000 in

prizes at the opening of its newest branch. Grand prize was a \$300 credit on any automobile purchased from a Euclid dealer, or a \$300 savings account. A number of 1956 model automobiles were displayed in the bank's parking lot at the opening. The new building features drive-in facilities.

FLOYD L. DWIGHT, vice-president and trust officer of the First National Bank of Minneapolis, was elected president of the Corporate Fiduciary Association of Minnesota. The Association is a statewide organization of trust companies and banks which have trust departments.

ERNEST D. RENARD was elected first vice-president of The Greater New York Savings Bank, Brooklyn. He has been with the bank since 1920.

The Canal National Bank of Portland, Maine, celebrated its 130th anniversary by opening this office (its 5th) in South Portland





American Appraisals give the executor the value of the estate

Trust Officers and Executors depend on American Appraisal Company's over half-century of experience to provide the fair market values for estate and inheritance taxes and for distribution of assets.

The **AMERICAN APPRaisal Company**

leader in property valuation

HOME OFFICE: MILWAUKEE 1, WIS.

Use **AMESTYLE**
ANCIRA
ENVELOCK
Reg. U. S. Pat. Off.

... Actually "built" into Amestyle flat and expanding envelopes to

CONTROL —

The safe-keeping of wills, valuable papers, etc.

PROTECT —

Combinations of safes and vaults, etc.

SAFEGUARD —

Safe Deposit, Master and Grand Master keys.

"the foolproof envelope lock that safeguards contents"

SAMPLES
ON
REQUEST



MANUFACTURED BY

AMES SAFETY ENVELOPE CO.
SOMERVILLE 43, MASS.

All in the Family

THE office mailman delivered to BANKING's desk a gay, red spiral-bound booklet. On the cover was a design in silver: from a scroll labeled "1875" two conventionalized sprigs of laurel rose to meet the monogram "ABA." On the way up the leaves enclosed "American Bankers Association," in silver, too.

This was our copy of "1955-56 Official Lists"—a publication we had seen many times, wearing many dates.

It was about to go into the top drawer for reference purposes when something said, "Wait a minute . . . There's a story here. Now let's imagine . . ."

So we did. And the little book became much more than a directory of the 837 bankers, state association secretaries, and college advisers who comprise the A.B.A. Official Family in this 1955-56 administration of President Fred F. Florence of Dallas and Vice-president Erle Cocke of Atlanta.

It was (if you but read between the lines) the story of what the Association, as personified by these men, is doing for its 16,847 member banks—and that means 97% of the banks in these United States, with 99% of the total banking resources.

Task Force Muster-roll

Between the bright covers was the muster-roll of the Association's task forces, so to speak—the bankers who carry on the many diversified activities of the A.B.A.: commercial bankers, trustmen, savings men, experts in a score of other specialized fields of banking elected or appointed to specific jobs in the Association, its four divisions, two sections, and many committees, commissions and councils.

No room in this little book for 837 pictures, but somehow it doesn't need 'em; as we scanned the pages face after face seemed to pop through the print—people we knew. (We almost said, "Hi!" innumerable times.)

Then we got a bit statistical. We figured that the 837 men hold a total of 1,054 elective or appointive positions in A.B.A. during this Association year. Lest you catch us up on this point, we hasten to explain that the difference between the two figures is largely due to dual assignments held by many men in ex-officio capacities, or as provided under the Association's by-laws. The 837 individuals come from 70 state associations and colleges, 249 national banks, 299 state banks, and 15 foreign banks.

Divisions and Sections

Breaking down the Lists still further, task forces of the divisions and sections number 300 men, of whom 81 are elected, the remainder being appointed by the presidents of these groups. In the A.B.A., exclusive of divisions and sections, are more than 700 elective and appointive positions, many of which are for three-year terms.

Each year the Association's incoming president makes about 500 individual appointments, including those carrying specific appointments under the by-laws, and those of an ex-officio nature. (President Florence named 518 individuals in the U.S.A., the Territories, and foreign lands. They represent 15 foreign banks, 177 national banks, 182 state banks, eight state associations, nine colleges.)

Quite a Family!

So you see the Association is really quite a family: members, officers, task forces, staff.

Actually, of course, you might say that the indispensable, unexpendable 525,000 employees of American banks—about 18% of them officers—are unofficial members of the many teams listed in this little book.

For all are working at the same assignment: the betterment of American banking and its service to the public.

THE TORONTO-DOMINION BANK

100th Annual Statement

Comparative and Condensed

AS AT OCTOBER 31

Assets

| | 1955 | 1954 |
|---|----------------------|----------------------|
| Cash Resources | \$231,369,241 | \$197,500,400 |
| Securities | 432,344,344 | 391,542,573 |
| Call Loans | 47,619,149 | 37,556,434 |
| Total Quick Assets | 711,332,734 | 626,599,407 |
| Current Loans | 520,311,204 | 475,826,551 |
| N.H.A. Mortgage Loans | 14,691,553 | 3,049,430 |
| Bank Premises | 18,464,377 | 18,332,703 |
| Acceptances and Letters of Credit | 13,728,435 | 7,974,666 |
| Sundry Assets | 145,616 | 271,373 |
| | <u>1,278,673,919</u> | <u>1,132,054,130</u> |

Liabilities

| | 1955 | 1954 |
|---|----------------------|----------------------|
| Deposits | 1,213,604,184 | 1,073,938,063 |
| Other Liabilities | 3,485,949 | 3,263,802 |
| Total Liabilities to the Public | 1,217,090,133 | 1,077,201,865 |
| Acceptances and Letters of Credit | 13,728,435 | 7,974,666 |
| Capital paid-up | 15,000,000 | 15,000,000 |
| Rest Account | 30,000,000 | 30,000,000 |
| Undivided Profits | 2,855,351 | 1,877,599 |
| | <u>1,278,673,919</u> | <u>1,132,054,130</u> |

Statement of Undivided Profits

Fiscal Years ended October 31

| | 1955 | *1954 |
|---|------------------|------------------|
| Profits after making transfers to contingency reserves | 7,503,002 | 7,025,643 |
| Less: Depreciation | 1,423,250 | 1,303,517 |
| Income Taxes | 2,852,000 | 2,878,010 |
| Net Profit | 3,227,752 | 2,844,116 |
| Less: Dividends | 1,950,000 | 1,750,000 |
| Provision for Extra distribution | 300,000 | 180,000 |
| Undivided Profits | 977,752 | 914,116 |
| Undivided Profits brought forward | 1,877,599 | 963,483 |
| Balance of Undivided Profits | <u>2,855,351</u> | <u>1,877,599</u> |

*Combined figures of the former Bank of Toronto and the former Dominion Bank for fiscal periods ended October 31, 1954.

The Mass Market for Bank Services

(CONTINUED FROM PAGE 50)

other retailers have spent heavily to promote design, interior layout and display facilities, and the result has been more sales. He had some suggestions for "warming up" the bank, even if the basic architecture couldn't be changed. For example, a face-lifting on the outside by the use of glass and modern materials; good lighting on the inside; a decorative overhaul. Check the appearance, too. How about reception rooms for the customers, escalators (if you're on more than one level), automatic doors, rest rooms?

What can be done with an old building is, of necessity, somewhat limited, Mr. Walker admitted, but with the growth in population and the "flight to the suburbs," more new banks will be built—banks for the Auto Age, with parking areas, drive-ups, extended hours for working people.

The Staff Decides

In offering your services to the great retail market, don't forget the people in the bank, counseled this expert. It's the staff that determines the success of your public relations. Among other things, place your employees where they're best fitted to serve. Train them, not only when they're new, but on the job and in refresher courses. Supervise them: "Supervisors are the key to good employee relations—and therefore to good public relations." Conduct all training on bank time.

And make every customer feel that he's the most important customer of the day.

As for bank advertising, Mr.

Walker thinks it's "achieving stature." He urged the FPRAs to forget the "you interest"; find ways to get under the prospect's skin, to bring your message to *him*. Advertising, Mr. W. reminded, "is an expensive way of talking to yourself!" Also: "You can't advertise courtesy into an organization, you have to build it. But if you have it, then advertise it!"

King Customer

In the space of a short report we can't follow FPRAs into the scores of meetings at which merchandising techniques were developed, so we'll spot check a bit and pick up some ideas.

Here, for example, is a blueprint offered by Daniel W. Hogan, Jr., president of the City National Bank and Trust Company, Oklahoma City. His plan for bringing together the bank and the public include these points of contact:

Attractive quarters. They make a trip to the bank "a bright spot in the customer's day." Directional signs—department store technique—add to his convenience. "Cheerful colors, comfortable chairs, air-conditioning, soundproofing, fluorescent lighting, and immaculate housekeeping all contribute to this balmy climate where a man's good nature expands and a customer becomes a friend."

Modern equipment. This is a must, said Mr. Hogan. "The very latest in time-saving equipment is often the biggest bargain because it means greater volume in shorter hours." Also, it impresses the customer and makes work less tedious for the employee.

Up-to-date methods. They streamline service, and the result is better satisfied customers and staff. Blank forms for the customer should be in primer English, so that you'll be understood. "Better accounting and records, more efficiency, accuracy, and speed point toward snappier service for the customer and shorter hours for the employee."

Completeness. Proper services for the buyer of modern banking include drive-ins, 24-hour depositories. Your financial departmental store should be complete; its services should be beamed at the individual.



PROGRAM—Gene K. Walker, left, instructor at the convention's School of Merchandising, and C. Arthur Hemminger, general program chairman

Established charges and interest rates must be acceptable to the public.

Life blood. It is, of course, the staff. The employees' deportment "determines the public's appraisal of a bank and whether it's to be graded friendly or not friendly. How do the people in your bank stack up? Do your tellers know and like their jobs? How do they get along with each other? Do they know how to roll out the plush carpet for each customer? Is your entire staff sales-minded? And here's the \$64,000 question: Are you satisfied that you're set up to render *king-size* service?"

So you "blend attractive quarters, modern equipment, up-to-date methods, proper services, and an enthusiastic staff into a definite customer relations program and presto! your customer likes you, he has confidence in you, and wherever he goes, he's an enthusiastic booster."

"The customer himself," asserted Mr. Hogan, "is the magic key to our success. Crown him, because he's the king of your realm!"

Popular Priced Services

From Jordan J. Crouch, vice-president, First National Bank of Reno, Nev., the convention heard that the trend in banking today was "definitely toward the popular priced services and getting deposit volume through numerous accounts instead of carrying a few big eggs in a single basket."

"The growth of suburban banking," said this banker, "has caused many of the large 'down town' banks to go into retail banking more strongly than ever in order to main-



At the banquet the Florida committee presented Seminole ceremonial robes to, l. to r., FPRAs Executive V.P. Preston E. Reed, Secretary Lucy David, President Delamater, Treasurer Bradt

tain not only their borrowing and lending volume, but their deposit volume, because people will deposit their money in banks where they can find the necessary services."

Mr. Crouch observed that as people have become better acquainted with banks and have used them more, "they have also become more sophisticated about them. They have learned what they can expect in the way of services and general behavior, and they have become discriminating. They have come to know good service from bad service; once they have experienced good service they are going to expect it."

The Chain Store Philosophy

It's this: If you can get 'em into the bank, you can sell 'em something, said J. M. Patton, president, The Mitchell (S.D.) National Bank. Window and lobby displays, flower shows, product exhibits—these and other public relations projects all help attract folks.

Other ways of reaching the mass market include, as you know, new business contests for employees. One important aspect of these campaigns, which frequently offer merchandise as prizes, is their stimulation of sales-mindedness among the staffers.

There are also—as you likewise know—school contacts (for future customers), calls on customers and prospects, finance forums, stockholder contacts, the inviting convenience of parking lot and drive-ins, publicity that gives your bank credit for its good conduct, the unlimited opportunities for constructive customer relations, the everlasting need for a competent, loyal staff and for the best possible "community relations." And let's not forget good old fashioned advertising.

Each of these might well be developed into a story by itself, for each went through a clinic at this convention.

That pigeon missed a mighty good meeting!

At the Convention

Church Service

FPRA had a Sunday morning service in the convention hotel. The sermon was preached by Dr. William H. Kadel, minister of the First Presbyterian Church, Orlando.

The association's executive vice-president, Preston E. Reed, said that

to his knowledge this was the first time a religious service had been included in the convention program of any financial group. Dr. Kadel commented: "It is indeed encouraging to see a great business institution concerned with spiritual matters. It is most gratifying that bankers and businessmen of this nation see religion not as a church matter but as a matter of daily application."

Economic Literacy

Emphasizing the need for developing "economic literacy" among the people, Kenneth K. DuVall, president of the Merchandise National Bank, Chicago, told the convention that leadership in furthering economic understanding "falls naturally on the banker's shoulders."

Clint Axford Honored

The association's directors voted an honorary life membership to Clinton B. Axford, editor of the *American Banker*, for his long service to banking and his efforts to improve banking's public relations. He is the first person thus honored outside the association's own ranks.

PR at Work

Free helicopter trips over Fort Lauderdale were provided by the First National Bank of that nearby city.

New Directors

Six directors were elected to three-year terms: Stephen J. Burke, assistant vice-president, National Shawmut Bank, Boston; Kenneth K. DuVall, president, Merchandise National Bank, Chicago; Lloyd L. Leider, vice-president, First National Bank, St. Paul; Clarence R. Mead, senior vice-president, Security Bank, Lincoln Park, Mich.; J. Hammond Siler, Jr., senior representative, Federal Reserve Bank of Richmond; J. Az Taylor, vice-president, Rapides Bank & Trust Company, Alexandria, La.

L. L. Matthews, president, American Trust Company, South Bend, Ind., was named to the Senior Council.

Membership

FPRA now has nearly 2,000 members, a gain of 220 during the past year.

1956 Convention

It's in Dallas.

**Fastest, Easiest
Way to Figure
Payroll Earnings!**



Tests prove the DELBRIDGE way takes less than $\frac{1}{2}$ minute to figure an employee's weekly earnings! 24% faster than any machine... 68% faster than hand figuring... far less tiring.

Charts cover hourly pay rates from 50¢ to \$3.50 in $\frac{1}{2}$ ¢ steps—then to \$4.00 in $2\frac{1}{2}$ ¢ intervals. Straight time periods from $\frac{1}{4}$ hr. to 100 hrs. in $\frac{1}{4}$ hr. steps— $\frac{1}{4}$ hr. to 20 hrs. overtime in $\frac{1}{4}$ hr. intervals. 1/12 and 1/10 hr. calculations also shown. Each chart gives whole cent rate on front, $\frac{1}{4}$ ¢ rate on reverse side.

Charts fit your specific payroll requirements—order just the rates you need. So simple, so easy, anyone can use them. Pre-calculated answers eliminate computation errors—can save hundreds of dollars per year by reducing clerical help. Guaranteed accurate by Lloyd's of London.

First 10 charts, 50¢ each. Additional charts ordered at same time, 25¢ each. Mail coupon for FREE sample chart. Try it... then you be the judge. Absolutely no obligation!

FREE TRIAL COUPON!

Delbridge Calculating Systems, Inc.
2502 Sutton Ave.
St. Louis 17, Missouri

Send the following sample DELBRIDGE Payroll Chart—without obligation! We will use it in our payroll department and decide later whether to order additional charts.

(Specify rate desired) \$.....per hour

Name.....Title.....

Company.....

Address.....

City.....Zone.....State.....

Public Relations

Advertising . . . Promotion . . . Business Development . . .

Community and Staff Relations

Forum for Young Businessmen

FIRST NATIONAL BANK AND TRUST COMPANY of Tulsa, Okla., reports an interesting variation in the finance forum idea.

It held a "Banking Forum for Young Men in Business." Nearly 350 attended, and heard, among other things, a panel discussion by bank officers of two hypothetical loan applications.

Speakers at the two sessions included President R. Elmo Thompson, whose subject was "There Is No Mystery About Banking"; Vice-president W. W. Michaels, "A Banker Views Tulsa's Future"; Vice-president J. W. McLean, "Borrowing Money—How, When, Why?"; and Assistant Trust Officer James Bishop, "What Is a Trust Department and How Can It Serve You?"

The loan applications were gone over at a simulated meeting of the bank's loan committee, and the

young businessmen heard the pros and cons of each. One of the requests was granted, the other declined; emphasis, of course, was on the "why" in each case. This sampling of credit analysis, it was agreed, provided a practical, constructive forum feature the young men liked.

Newspapers gave the forum a good play.

Bank Stock as Prize

SHARES of stock in the MERCANTILE TRUST COMPANY of St. Louis were awarded to the three employees who brought in the most business during the staff "Big Show" new business campaign that lasted a year. Total initial deposits to savings and checking accounts in the campaign exceeded \$2,000,000.

Contestants, who received points redeemable for merchandise, also brought business to the Mercantile's trust, real estate, safe deposit, and bond departments.

R. Elmo Thompson, president of the First National Bank and Trust Company of Tulsa, speaks on "There Is No Mystery About Banking" before nearly 350 persons who attended the bank's recent "Banking Forum for Young Men in Business." The two-session forum inaugurated a public information program designed to "tell the banking story."



The program was started as a phase of the bank's centennial program.

Curiosity Angles

"**C**ASH enclosed — handle with care," read the blue type on the envelope from FIRST NATIONAL BANK IN YONKERS, N. Y. You opened it, of course, and there, attached to the cover of a folder, was a new penny: "a shiny new sample fresh from stock at our shining new office — one hundred-millionth of a million dollars."

The folder, promoting the branch, contained a three-dimension dramatization of the building and information about it. The piece was mailed to 15,000 people.

Selling by Phone

SELLING by telephone has worked well at the Lincoln Savings Bank of Brooklyn, N. Y. It has built business, trained employees in

Three employees of Mercantile Trust Company of St. Louis receiving top awards—shares of the bank's stock—in an employee new business campaign. President Kenton R. Cravens presents the "Presidential Awards" to Beatrice Carr, Julius Meyer, and Emil Ullrich. At left, Gale F. Johnston, vice-chairman of the board, and Herman Orlick, sales manager of the campaign



salesmanship, and created customer goodwill.

Vice-president Fred Kracke, reporting to the Sales Executive Club of New York on his bank's use of this tool, said it had been applied first to sell savings bank life insurance and later to other services.

The telephone effort to interest people in the insurance was made after other promotional campaigns had failed to convert a satisfactory number of prospects into policyholders, Mr. Kracke said. The program concentrated on four major points: Establish a friendly personal relation with the prospect; develop his needs; obtain his agreement that savings bank life insurance is good, and well worth his further consideration; make a firm appointment with the prospect to come into the bank at a definite time to learn more about the insurance.

*

Union Market National Bank of Watertown, Mass., lets local organizations use its Warren Street office Friday evenings and Saturdays for affairs like this Boy Scout food sale. The bank, of course, is not open at these times. Much goodwill results — of course!

*



The first calls were to persons who had bought policies some years before, but hadn't applied for the \$5,000 maximum permitted by New York State law.

"A total of 819 of these calls was made," said Mr. Kracke, "and here are the results:

"After weeding out persons not reached and not interested, we had

Don't Waste Advertising Nickels

DEAN C. WOLF

MR. WOLF is head of Dean C. Wolf and Associates, Incorporated, Boston financial advertising agency.

THE National Bank of Westchester, White Plains, N. Y., is using a promotional campaign which includes attractive and effective newspaper ads and posters in railroads, coaches, and buses as principal media. However, James Hand, vice-president of the bank, is not satisfied to get the direct and primary benefits from advertising space, only.

Mr. Hand commented: "We feel that there are important by-products of our advertising program that may, in the long run, contribute results which are

nearly as valuable as the direct benefits through readership of ads in the papers and posters in commuting trains and local buses."

He went on to list some of the by-products which are regular additional benefits in his public relations campaign.

The newspaper ads are reproduced with a colored border to be used as point of sale reminders in all banking quarters.

Artwork and captions on transportation posters are rescaled and reproduced as large wall and window posters where space permits.

Folders originally designed as statement enclosures are merchandised by constant display in lucite "take one" holders.

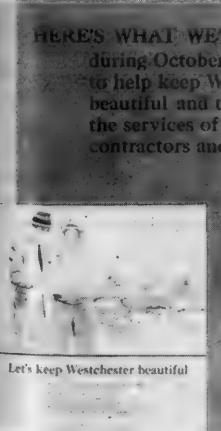
But perhaps the most unusual effort, one that has been created for the specific use of this bank, is a page called the regular monthly "Information Sheet." The illustrated sheet discusses what the bank is doing during a particular month to help Westchester families plan for the future. Its features are:

A message from Ralph T. Tyner, Jr., president of the bank, especially written for the readers who include all members of the bank's staff, officers, directors, members of advisory boards, and stockholders.

Business People Get Message, Too

Attorneys went on the mailing list for the first time last summer when the sheet was sent to a Westchester lawyer list. Since the bank had promoted "Buy your car in Westchester," "Shop in Westchester," etc., lists of car dealers, merchants, etc. had also been added to the mailing list, as the advertising was directed to their benefit. The sheet contains the two current newspaper ads, plus the car card and the front cover of the statement enclosure folder (copy theme coinciding with newspaper messages). It also refers to the radio advertising and the lobby posters which are by-products of the newspaper advertisements.

The cost of the by-products is relatively light in relation to the basic production which was necessary merely to produce the folder, ads, and railroad posters.



*

One of the bank's by-product information sheets

*

444 prospects who indicated some interest in savings bank life insurance; 125 indicated they would visit the bank sometime in the future; 56 definite appointments were made to call at the bank; 29 persons asked us to mail them applications for insurance; 116 asked us to call them back later; 118 people asked us questions concerning mortgage loans, safe deposit boxes, money orders and other services of the bank.

"Actual sales of insurance resulted in 24 policies for \$38,000 of insurance at a cost less than pre-

ously experienced in converting newspaper inquirers into policy holders through the use of sales letters. For many months after the test people who came into the bank to inquire about our insurance mentioned our original telephone call.

"The telephone experience of our people had one important effect. It made them sales conscious and more persuasive salesmen when talking to prospects at their desks."

Talking to New Depositors

The bank's next test was directed at new depositors. Here, the sales

brief was a welcome to the bank and an invitation to use other services. It was phrased this way:

Mr. Jones. Is this Mr. John Jones? Good evening. This is Fred Kracke of Lincoln Savings Bank. You may remember—I'm the one who opened the account for you last week. . . .

We appreciate very much your choosing Lincoln as your savings bank, and I want to invite you to make use of the other Lincoln services, many of which are free.

For instance, did you know you can pay telephone and electric bills right here at Lincoln without having to get a money order? . . .

Also, our officers always welcome the opportunity to talk with you about any financial problem you may have. Many of our friends tell us that this advice has been very helpful to them on such matters as savings bonds, mortgage loans, life insurance, settling estates and so on.

"The reaction of the depositors called was excellent and we believe we are creating goodwill as well as potential business for all departments of the bank," said Mr. Kracke.

Employee IQ's

THE staff training program at the FIRST NATIONAL BANK of Memphis includes a psychological test that is given to some of the trainees.

"The results," says Ruth E. Sherrill, "have enabled us to determine whether the trainee is capable of accepting bank training. If he has a high I.Q. and is low in practical judgment, we have something to work on and in five years, especially in the case of a young employee, his practical judgment could move up."

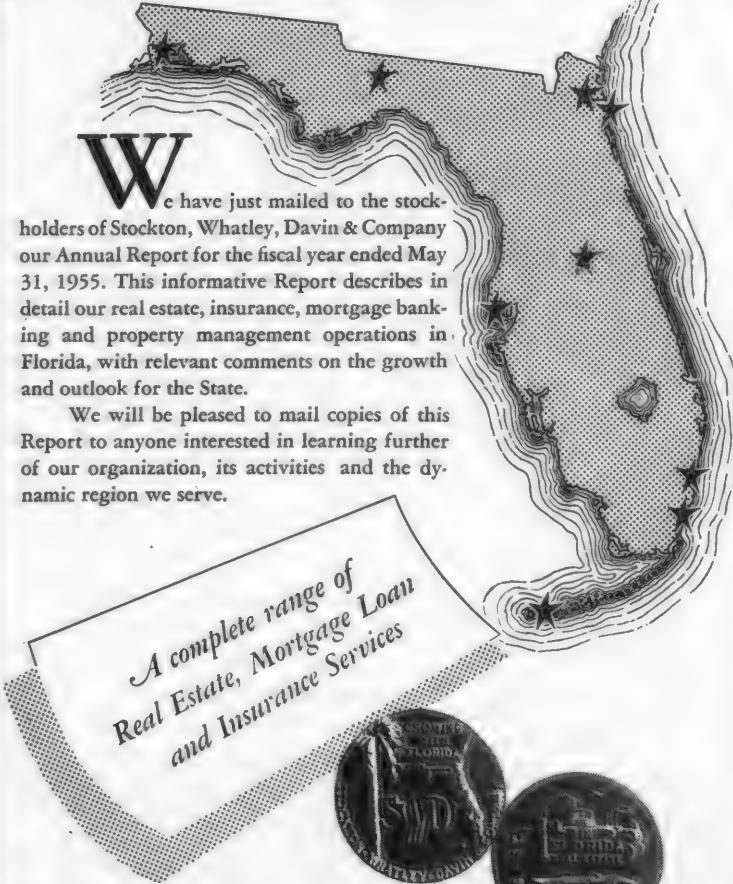
"The important thing to find out is which direction an employee's talents lie—and this test has been of great assistance. He might have a very high I.Q. and find he is in the wrong business."

The test is given by a professional psychologist. From 40 to 50 trainees have taken it in the last couple of years.

Miss Sherrill spoke at a National Association of Bank Women meeting.

FPRA Quotes

HERE are a few short comments culled from the clinics and departmental conferences at the Financial Public Relations Association convention.



Requests
should be
addressed to:

STOCKTON, WHATLEY, DAVIN & COMPANY
100 West Bay Street ★ Jacksonville 2, Florida

Other Offices Throughout Florida

★ ST. PETERSBURG ★ KEY WEST ★ MIAMI ★ PONTE VEDRA BEACH
★ FORT LAUDERDALE ★ ORLANDO ★ TALLAHASSEE ★ PENSACOLA

Ad space. The newspaper is still the top medium. More banks are running large ads, but many others, by using creative copy, layout, and art, make small units productive. Ingenuity and quality seem more productive than size.—**MERRILL ANDERSON**, New York adman.

Short, snappy. Keep the ad message short, make it direct and pointed. Attract readers with illustrations.—**A. S. E. BARNETT**, Gulf National Bank, Lake Charles, La.

Direct mail. It acquaints "part-time" customers with services they aren't using, reiterates the sales story told through other media.—**J. KENNEDY SINCLAIRE**, New York adman.

Leadership. The best P.R. policy is a recognition that the bank has an obligation to supply not only service but active community leadership.—**J. M. PATTON**, Mitchell (S.D.) National Bank.

Actions, Not Words. Too often bankers seem to try to impress people with how busy they are instead of spending part of their time helping improve their communities.—**A. LIONEL BRUNNEMER**, National Bank of Commerce, Gastonia, N. C.

Experts. Larger banks employing economists could send these experts to smaller banks to explain how economics affects the banker, his bank and his customers.—**D. H. TUTTLE**, First National Bank, Memphis.

Competitive. Banks can't hope to substitute prestige for money in competition for employees. It's necessary to equal or better the going rates in industry.—**WILLIAM A. LANK**, Farmers National Bank, Bloomsburg, Pa.

Formula. For a happy, loyal staff: adequate pay, opportunity for advancement, appreciation for work well done, responsibility, and a sense of belonging.—**ROY H. GIBBS**, First National Bank, Orlando, Fla.

Education. It should begin at home. Well-trained employees, interested in their own and their bank's futures, can often do a better selling job than a few so-called specialists in public relations.—**ROLAND PETERING**, Mercantile Bank & Trust Co., Kansas City, Mo.

Everybody. Every person on the bank's staff is a member of the public relations department.—**KENNETH W. MCLAREN**, Farmers and Merchants Bank, Long Beach, Cal.

Career. We must sell new em-

ployees on banking as a career, not on how many fringe benefits we can offer them.—**ELDON F. LUNDQUIST**, St. Joseph Valley Bank, Elkhart, Ind.

Business Getters. Instruct all new-business men in the work of various departments, especially Credit.—**EPHRON CATLIN, JR.**, First National Bank of Boston.

Merchandising. Go into stores that are good merchandisers. Watch how their people work. Then adapt their methods to banking.—**CLYDE H. JACOB, JR.**, National Bank of Commerce, Norfolk, Va.

Long Range. We have found that our efforts to foster growth in the state's economy result in statewide improvement that contributes also to the bank's business.—**R. A. ALSTON**, Citizens & Southern National Bank, Atlanta.

Target. Market research is the searchlight that pinpoints the target.—**JUNE SMITH**, Citizens National Trust & Savings Bank, Riverside, Cal.

Conduct. Good manners bring good business.—**JOHN M. ROWAN**, Provident Savings Bank & Trust Co., Cincinnati.

*If You're Looking for Trust Advertising
That Really SELLS*

VISIT

**KENNEDY
SINCLAIRE'S**

*Display Booth at the
MID-WINTER TRUST CONFERENCE*

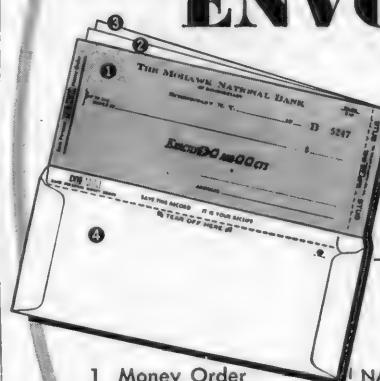
... Coffee ...

KENNEDY SINCLAIRE, INC.

140 CEDAR STREET
NEW YORK 6, N. Y.

IT'S NEW! *with MAILING ENVELOPE ATTACHED*

ENVO-CHECK



*Triplicating, snap-apart,
one-time carbon . . .
MONEY ORDER SYSTEM
with MAILING ENVELOPE
attached to each check . . .*

Curtis 1000, Inc.

150 Vanderbilt Avenue, West Hartford, Conn.
Please send samples and prices on
Envo-Checks.

- 1 Money Order
- 2 Register Copy
- 3 Customer's Receipt
- 4 Mailing Envelope

NAME _____

BANK NAME _____

ADDRESS _____

Methods and Ideas

(CONTINUED FROM PAGE 47)

cus sizes and thicknesses will probably be with us for a long time, we must find a way of sorting and tabulating checks automatically, as is now done with punch-card systems.

"Secondly, the bank routing symbol, customer account, and amount of the check must so appear that the items can be read automatically without having to be altered by holes, spots, or other obliterating marks.

"The American Bankers Associa-

tion set forth major objectives for check handling which it felt would have to be reached by machine manufacturers in order for electronic equipment to be used in a standard and compatible system. These are:

"That the check will act as its own carrier; that the equipment will accept any size check, with certain limits, at random thicknesses; and that rejection would be made where there is a failure of accurate reading."

In Mr. Murphy's opinion, "it appears desirable that equipment de-

sign be based on the smallest and least expensive units with add-on provisions for larger institutions. As of now, electronic equipment lends itself best to large units or centralized branch system operations."

Engineering Ahead of Application

"There is a gap between the average office application and the enormous potential of electronic equipment. There is much to be done along the road of application and adaptation. Engineering of new equipment is progressive and rightfully so, but in many cases beyond application.

"This is because discovery and invention have been so rapid in this field and the potentialities of electronics so enormous that the equipment has outdistanced the application. We are behind in engineering of actual and practical application of these electronic improvements. We must be taught how the developments so far can be utilized and let the other phases of engineering go on to exploit invention further."

Two New "Brains" at Work

NEW YORK City newspapers recently published stories on two new electronic tools put into use by the financial community.

One was a series of window posting machines introduced in the Seamen's Bank for Savings by National Cash Register Company. The equipment speeds service during peak business periods. The other was an "electronic brain" installed in the Francis I. duPont & Co. brokerage house by International Business Machines Corporation. It mechanizes completely the calculation of margin accounts.

The Seamen's installation was explained in this way by the manufacturer:

"A teller enters a transaction in the depositor's passbook in the usual way. As the transaction is recorded in the passbook the information is punched simultaneously on a paper tape through a tape recorder connected to the machine. The coded information on the tape can be transferred rapidly to punched permanent accounting records at any convenient time."

The duPont machine uses punched cards indicating the closing prices



ARE YOU LOOKING TOWARDS PERU...?

The promotion of Peruvian foreign trade has been one of the main objects of our bank ever since its foundation over 65 years ago. If you are interested in doing business in Peru, a letter addressed to us will assure you our friendly co-operation.

BANCO DE CREDITO DEL PERU

Head Office - - LIMA

82 Offices Throughout the Country
CAPITAL - \$/80,000,000.00 SURPLUS - \$/66,338,521.64
"Peru's Oldest National Commercial Bank"

ATTRACTIVE, LEGIBLE, EASY-TO-USE

SERIALLY NUMBERED

Autographs®

ELIMINATE PROPERTY CONTROL Headaches!

There is a remedy, a sure cure, for property control headaches caused by inadequately "tagged" furniture, fixtures and equipment. Identify with Serially Numbered "AUTOGRAPHS." They're attractive! They're legible! They're easy to use! They stay on the job for life on almost any clean surface... on crackle finish, too. To apply, simply brush solvent on the adhesive backing and press into place. Serially Numbered "AUTOGRAPHS" can mark fine finishes or damage precision equipment. Mount them proudly "out-front" where they can prove their effectiveness. Try this tested remedy for property control headaches!



WRITE TODAY
on your business
letterhead for "try
before you buy"
samples.



METALcraft INC.
BOX 979M
MASON CITY, IOWA

Remington Rand

BETTER BUSINESS METHODS

For Greater Profits
Through Lower Costs



Commercial ledgers and checks are protected from fire, right at their point-of-use, with Remington Rand Safe-Ledger Files and Safe-Check Files.

How Do You Protect YOUR Commercial Ledgers?

Some banks still put their ledgers in the vault at the end of each day! Not only is this laborious and time consuming but it leaves these vital records without fire protection during business hours—the hours when most such fires occur.

It's easy to understand why more banks everywhere are using Remington Rand Safe-Ledger Files which combine perfect working convenience with fire protection right at the point-of-use, 24 hours a day. A tremendous amount of waste motion is saved. Bookkeepers have ledgers and checks right beside them for instant finding and filing. The Safe-Check File has a pull-out, self-leveling extension top which provides ample work space for sorting checks and deposits. Provision is also made for readily accessible bookkeeper signature cards.

These handsome insulated desks are certified by the Underwriters Laboratories and Safe-Cabinet Laboratories to protect contents for one hour, even in fire raging up to 1700° F. And, there's no need to move these

vital records to and from safes or vaults each day. The Safe-Ledger File and Safe-Check File form a harmonious combination for a self-contained unit-bookkeeping operation.

Why not get the latest information on this work-saving approach to bank accounting, whether you file checks centrally or with account record. Call your local Remington Rand representative for full particulars, or circle SC672 on the coupon for free illustrated booklet.

Customer Information File in Kardex with Chaindex Proving a Boon to Banks

Hours of clerical time are saved in handling inquiries for all departments of the bank, by centralizing important facts on each account in this accurate visible record. All facts are available to all departments when needed. Speedy finger-tip reference is assured at all times. Plug-in phones let clerks answer inquiries right from the file, without with-

drawing records. Visible CIF quickly locates new business opportunities...reveals which of your customers are good prospects for further bank services...provides prompt answers to requests for account information. No hunting around from department to department to collect complete data. It's all there, *in one place*, ready for instant reference...for every department of the bank.



Kardex Visible Customer Information File at The Philadelphia National Bank. Visible Chaindex feature utilizes either address plates or typing for heading the CIF cards.

The Chaindex feature makes for greater accuracy as well as speed because records are printed directly from address plates, or typed, at the time and origin of the account. A multiple number of the cards are chained together and kept in each Kardex pocket—thus greatly reducing equipment costs.

Remington Rand's staff of professional record planners and installation personnel are equipped to convert your present records to a CIF in Kardex with Chaindex and turn them over to you a completed and fully functioning installation. Properly installed records mean realization of immediate savings upon completion of the job.

Get full particulars on this and money saving CIF; ask for SN728.

Remington Rand

DIVISION OF SPERRY RAND CORPORATION
Room 1147, 315 Fourth Ave., New York 10

Kindly send literature circled:

SC672 SN728

Name _____

Title _____

Bank _____

Address _____

City _____ Zone _____ State _____

D-24

(CONTINUED FROM PAGE 102)

for stocks, thus determining for each account the market value of securities held, debit balance, and the margin necessary.

Pencil computations of margin accounting are now out, said Senior Partner A. Rhett duPont.

Service Charge Study

A STUDY of the flat and measured methods of determining service charges on regular checking accounts has been completed by the Bank Management Committee of the

New York State Bankers Association.

"Briefly," reports the *New York State Banker* in a preview of the results, "the committee finds that there is a lack of standardization of methods in computing service charges and that present practices in banks vary from 'token charges' which have been unchanged for a decade to so-called 'penalty charges' which have no relation to cost and maintenance."

The committee's report is based on replies from 104 commercial banks. It observes, among other things that:

Charges under the flat or measured plans "obviously are too low in some banks and too high in others."

Rates used in many measured plans "bear no discernible relationship to actual earnings or cost rates."

There's a rather common inconsistency between the rate on the unit of balance for which an excess item may be allowed without making a charge.

About 10 different types of items or combinations are in use.

If some banks consider it essential to apply measured charge plans to accounts below a minimum balance, "it seems highly desirable that such banks take another and long look at the present schedules," says the *Banker*.

"A measured charge plan to be equitable to both the bank and depositors should take the form of predetermined analyses. On the basis of actual earning rates and costs, it should be predetermined what number and types of items can be allowed on given units of balance. In this way a bank can recover its maintenance and activity costs, and can earn a reasonable margin of profit.

"Neither arbitrary large base charges which are partially penalty charges, nor token charges which have been unchanged for more than a decade, are in keeping with sound banking principle or constructive customer relations."

IF YOU NEED ACCURATE INFORMATION ON COLOMBIA



U. S. industry is joining the parade of Colombian expansion . . .

- ★ Where new U. S. manufacturing plants are being established to tap Colombia's abundant markets.
- ★ Where new wealth is being extracted from Colombia's rich soil.
- ★ Where new business is being stimulated by friendly foreign trade relations between the U. S. and Colombia.

All this means that more and more banks are looking long and carefully at Colombia's continuing development when seeking correspondent relations in Latin America.

The reliable and responsible commercial and financial information supplied by the Banco Comercial Antioqueño is supported by our 43 years' experience growing with Colombia, and the complete facilities of our 37 offices located in every important commercial market of the country.

We invite your inquiries.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices — *Bancoquia*

Capital paid-up \$21,205,712.50 — Pesos Colombian.
Legal reserves \$21,000,000.00 — Pesos Colombian.
Other reserves \$7,233,000.00 — Pesos Colombian.

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Armenia (C), Barrancabermeja, Barranquilla (3).
BOGOTÁ (6), Bucaramanga, Cali (2), Cartagena, Cartago, Cúcuta,
Girardot, Ibagué, Leticia, Magangué, Manizales, Medellin (3), Montería,
Neiva, Palmira, Pasto, Pereira, Puerto Berrio, San Gil, Santa Marta,
Sincelejo, Socorro, Vélez (S)

New York Representative — Henry Ludeké, 40 Exchange Place,
New York 6, N. Y.

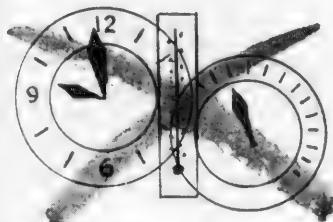
"Well, are you going to believe the First National Bank, or me?"



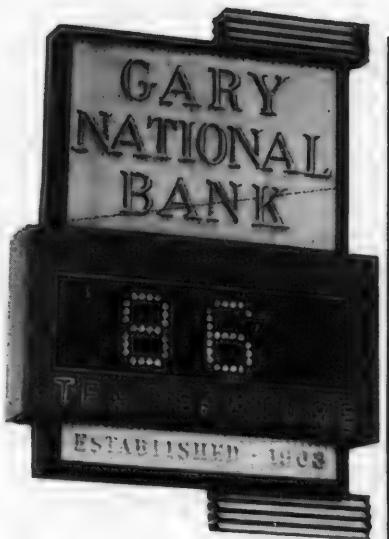
DOUBLE TT...1956's newest way

for banks to show
time and temperature

- as a Public Service
- for Symbolized Identification



Hands, dials and the conventional thermometer are out.



Giant, light-studded numbers show Time and Temperature the DOUBLE TT way — brilliantly-illuminated numbers, electronically selected, changing from time to temperature every five seconds — numbers easily legible blocks away, even in daytime. There's nothing else like DOUBLE TT. It's the original, changing-number, alternating Time and Temperature display . . . patented, experience-tested, perfected . . . the modern way, the exclusive way, for financial institutions to show time and temperature on an exterior display basis.

Scores of financial institutions all across America have experienced at first-hand the remarkable advertising success DOUBLE TT brings. Their frank appraisals of DOUBLE TT are available to you in our new booklet, "The Word Gets Around in Financial Circles," without cost or obligation. Write today — or send the coupon below.

Ask about DOUBLE TT, JUNIOR, especially designed for smaller financial institution budgets.

You'll see
DOUBLE TT
wherever you go
... in
CHICAGO
HOUSTON
ATLANTA
LOS ANGELES
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MOBILE
JERSEY CITY
TOPEKA
OMAHA
MINNEAPOLIS
SALT LAKE CITY
CLEVELAND
KANSAS CITY
SPOKANE
AUSTIN
BILLINGS
GARY
MEMPHIS
PUEBLO
TACOMA
SAN ANTONIO
OAKLAND
PASSAIC
JACKSONVILLE
HAMILTON
CASPER
SAN JOSE
PHOENIX
MAUMEE
CHEYENNE
RAPID CITY
and in many other
American Cities.

AMERICAN SIGN AND INDICATOR CORPORATION

Originators and exclusive manufacturers of DOUBLE TT, the only Time and Temperature display contractually guaranteed ACCURATE to the minute in Time, to the degree in Temperature.

**East 808 Sprague, Spokane 3, Wash.
141 Jackson Blvd., Chicago 4, Ill.**

Over 140 established service agents thruout U.S.A.

U. S. Patent No. 2,673,976 — Other Patents Pending



American Sign and Indicator Corp.
East 808 Sprague, Spokane 3, Wash.

Gentlemen: Please send me your free DOUBLE TT booklet, "The Word Gets Around in Financial Circles," together with other information on Double TT. I am interested in

DOUBLE TT, SENIOR DOUBLE TT, JUNIOR

Name _____ Title _____

Bank _____

City and State _____

Taking the Bank to the Housewife

(CONTINUED FROM PAGE 60)

take loan applications, and handle other business which they have solicited outside.

Mrs. Muller hesitated and then pointed out that "participation in community, civic, religious, and philanthropic activities is highly important to us in our bank work; it affords excellent contacts and opens up many avenues for service to others and to our bank. It enriches beyond measure our own personal lives. We find that it is especially desirable to take an active part in community life, wherever possible, to appear on programs, assist in organizational work, and to accept positions of responsibility on boards and committees.

"Many of the organizations in which we are active, and some in which we are not, hold their meetings in the restful atmosphere of the attractive Community Service Room at our centrally located Popular Plaza Branch. Through this medium alone thousands of women have been introduced to our bank and the services it offers."

Luncheon Hostesses

Mrs. Muller told of another popular community relations service which she and Mrs. Johnson give.

This Central National Bank of Cleveland ad features its staff women making home calls. Mrs. Randal, left, and Miss Weir, right



One of these
Bankers
may be calling on You...

WATCH FOR HER Three experienced members of our staff are visiting housewives in Roebuck. Mrs. Muller, Mrs. Johnson and Mrs. Randal are all your Central National Friends.

During their visits the housewives receive a variety of banking services for every member of the family, including savings, checking, and investment plans.

With these representatives to help her, she is in a position to get the best possible banking service.

CENTRAL NATIONAL BANK
of Cleveland
2332 LAKESIDE BLVD.

Once a week they act as hostesses at a luncheon for newcomers, customers, and prospective customers given by the bank in one of its suburban branch dining rooms. These informal luncheons give the newcomer an opportunity to meet some of her neighbors. Perplexing problems confronting guests are frequently solved during the exchange of ideas around the luncheon table. This hospitable gesture has paid and is paying large dividends to the bank in goodwill. Invitations to these functions are much coveted by the women of Memphis.

"The contributions women staff members can make to their bank's new business development programs are boundless," concluded Mrs. Muller.

Two Midwestern banks which are using women employees to take their banks to the housewife are the Central National Bank of Cleveland and the LaSalle National Bank in Chicago.

25 Visits a Day

The Central National's representatives in this sales work are Rita Weir and Genevieve Randal, who have had 14 years of diversified bank training.

Each young woman is scheduled to make 25 visits a day. They leave kits containing reminders about the bank's services; if no one is home they hang a kit and a "sorry you weren't in" card on the door.

"We have been running a series of ads in conjunction with this program, making use of the local paper in the area in which we are working," reports President Loring L. Gelbach. (See cut.) "The ads, we think, are effective, since many of the housewives called upon recognize our girls from the pictures.

"Our program is built around the theme of being helpful and instructive to the housewife in answering banking questions she might raise, as well as pointing out our services and the convenience of our branch locations. Since the approach is not one of direct selling, it is difficult to define any tangible results, although we have been well pleased with the new business it has developed and the advertising value in the community."

LaSalle's Home Visits Program

At the LaSalle National the officers follow a well developed program



"This is the prettiest check book. I'm just dying to try it out"

of scheduled visits to customers; however, it ran into a snag when it was concluded that not enough attention was being given women customers. Since many of the bank's women customers are housewives and widows without a business address, it was decided to add a woman staff member to the calling committee to cover this area of customer relations.

The LaSalle new business representative, Marian McLeod, seeks (1) to cement the bank's relationship with the ladies by letting them know that the bank is interested in them and that they are important to the bank; and (2) to acquaint them with the wide variety of services available to them but not being used.

The calling list used by Miss McLeod is compiled from five main sources; namely: (1) women suggested by officers and department heads; (2) women with large checking account balances; (3) to a more limited extent women with large savings account balances; (4) women about whom the bank receives inquiries from another bank as a result of their having opened accounts with the inquiring banks; and (5) selected women on new account lists.

The LaSalle National reports that while this program is relatively new, it is highly pleased with the results. It states that the women who have been called upon have, without exception, been surprised and pleased by the visit and that the reception has been excellent.

Taking the bank to women customers appears to be a field that has wide open possibilities for sales-minded women employees.

Another Record for Faster Transit Service in the Southwest!...



The cryptic words on the label above save hours — often a whole day — in clearance of transit items by the Republic. It simply means that our own messengers meet all airport arrivals and take Republic items directly from the plane, eliminating processing at both the airport and the downtown post offices.

Republic was the first bank in the Southwest to inaugurate this service. It means even faster *Collect-Ability* now when you *Route Republic*.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

REPUBLIC
NATIONAL BANK of Dallas

CAPITAL AND SURPLUS \$70,000,000
LARGEST IN THE SOUTH

The Financial Center of the Southwest



124th Annual Statement

THE BANK OF NOVA SCOTIA

ESTABLISHED 1832

H. L. ENMAN
President

F. W. NICKS
General Manager

CAPITAL AUTHORIZED

\$25,000,000

CAPITAL PAID-UP REST ACCOUNT

\$15,000,000 \$35,000,000

UNDIVIDED PROFITS \$1,026,682

GENERAL OFFICES: TORONTO, CANADA

Branches across Canada and in:

JAMAICA CUBA PUERTO RICO
DOMINICAN REPUBLIC TRINIDAD

LONDON, ENG., 108 Old Broad St.

NEW YORK, U.S.A., 37 Wall St.

CHICAGO, U.S.A., Business Development Dept., Board of Trade Bldg.

CONDENSED STATEMENT AS AT 31ST OCTOBER, 1955

ASSETS

| | |
|--|------------------------|
| Cash, clearings and due from banks.... | \$180,540,320 |
| Canadian Government securities not exceeding market value..... | 236,300,505 |
| Other bonds and stocks, not exceeding market value..... | 76,398,522 |
| Call loans (secured)..... | 81,690,108 |
| Other loans and discounts (less provision for estimated loss)..... | 584,418,552 |
| Customers' liability under acceptances and letters of credit (as per contra) | 17,924,202 |
| Bank premises..... | 11,114,934 |
| Controlled Company..... | 4,029,487 |
| Other assets..... | 550,796 |
| | <u>\$1,192,967,426</u> |

LIABILITIES

| | |
|--|------------------------|
| Deposits..... | \$1,120,934,324 |
| Acceptances and letters of credit outstanding..... | 17,924,202 |
| Other liabilities..... | 3,082,218 |
| | <u>\$1,141,940,744</u> |
| <i>Shareholders' Equity</i> | |
| Capital paid-up..... | \$15,000,000 |
| Rest account..... | 35,000,000 |
| Undivided profits..... | 1,026,682 |
| | 51,026,682 |
| | <u>\$1,192,967,426</u> |

Check Collections

(CONTINUED FROM PAGE 43)

ducted the study in an effort to discover (a) whether the present system for the collection of checks is the best that can be used; (b) whether it needs drastic changes; (c) or whether it could be improved with only a few changes.

The Committee conducted surveys, made studies, put together so much information that it had to be coded on some 34,000 punched cards which were subjected to various analyses on tabulating equipment.

A committee of the A.B.A. Bank Management Commission, headed by Harold E. Randall, vice-president and comptroller of The First National Bank of Boston, reviewed the report of the Joint Committee for the A.B.A. and made a number of suggestions and recommendations which were adopted in the final report which was approved by the A.B.A.'s Administrative Committee.

The report is in; it has been approved by two of the three organizations participating. Bankers who answered the surveys can see that their replies weren't filed and forgotten; rather they received careful, thoughtful, analytical consideration.

ARIZONA PRESIDENT

H. L. Dunham, vice-chairman of the board of the Valley National Bank, Phoenix, is the new president of the Arizona Bankers Association





Mosler "Picture Windows" for Drive-In Transactions
have the world's finest operating mechanism.



The Mosler "Snorkel" lets you bring convenient drive-up service to congested downtown areas.



The Mosler Pedestrian Window provides handy walk-up service for busy customers.



Mosler's Century-Style Day-Night Deposit Safe
keeps office "open" for deposits 24 hours a day.

Four ways to get a "head-start on tomorrow"

When you lay your modernization and expansion plans out on the table at your board meeting, you won't be talking about how you can "catch up" with other banks.

You'll be earnestly discussing how you can get out in front of them. You'll be talking about how you can offer services and facilities that will *keep* you out in front . . . in the years ahead when bringing banking closer

to the customer will become increasingly important.

That's why you'll very likely be discussing all four of the Mosler drive-up, walk-up developments shown above. For not only does Mosler—and Mosler, alone—make all four types of equipment, but each is so outstanding in advanced styling and exclusive features that it gives you a head-start on tomorrow you'll be grateful for, for years to come.

IF IT'S MOSLER . . . IT'S SAFE

The Mosler Safe Company Since 1848

World's largest builders of safes and bank vaults . . . Mosler built the U. S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima

The Mosler Safe Company, Dept. B-1
320 Fifth Avenue, New York 1, N. Y.

I am interested in learning about your "complete package" of outside banking equipment. Please send full information as early as possible.

NAME POSITION

BANK

ADDRESS

CITY ZONE STATE



DISTINGUISHED HOME of the American National Bank & Trust Co., Danville, Va., where modern National machines cut costs and provide better service to customers.



MODERN INTERIOR of the American National is matched by a modern National System so efficient that it pays for itself approximately every two years.



MR. ROBERT P. McCONNELL, Vice President, reports in his letter below how Nationals aid his bank's operation.

“Our *National* System saves us \$17,000 a year... returns 52% annually on our investment!”

—American National Bank & Trust Co., Danville, Va.

“Over the years we have acquired a modern National System consisting of nine National Accounting Machines of various types,” says Mr. McConnell: “We also have eight National Adding Machines which greatly increase the efficiency of our operations.

“We use one National for proof-transit, four for bookkeeping, one for savings, and two for multiple-duty. All these National machines are coordinated in an integrated operation that has given us increased efficiency, while allowing us an annual saving of \$17,000.

“Since our Nationals were installed,

we have achieved better protection and audit control, with a reduction of what was formerly expensive overtime work. Our customers, too, appreciate our neater statements and better service on their accounts.

“Our Nationals are now saving us \$17,000 every year, thus giving us a 52% return on our investment. We certainly feel that this is a splendid record of achievement for our bank.”

How much can a National System save *your* bank? How long will it take to pay for itself out of the money it saves? What advantages of operation can it bring to your operations? These are questions which can be answered

by your nearby National representative. A trained systems analyst, he will be glad to make a survey of your operations and show you what Nationals can do to cut costs and increase efficiency. There is no obligation, of course. His number is listed in the classified section of your telephone directory. Call him today.

*TRADE MARK REG. U. S. PAT. OFF.

National
ACCOUNTING MACHINES
ADDING MACHINES • CASH REGISTERS

THE NATIONAL CASH REGISTER COMPANY, Dayton 9, Ohio
977 OFFICES IN 94 COUNTRIES

Foundations

(CONTINUED FROM PAGE 58)

subject of an outright transfer, especially where the net return (after taxes) is quite small. The allowable income tax deduction may result in economic benefits which are substantially in excess of the loss of net revenue (after taxes) during the taxpayer's lifetime.

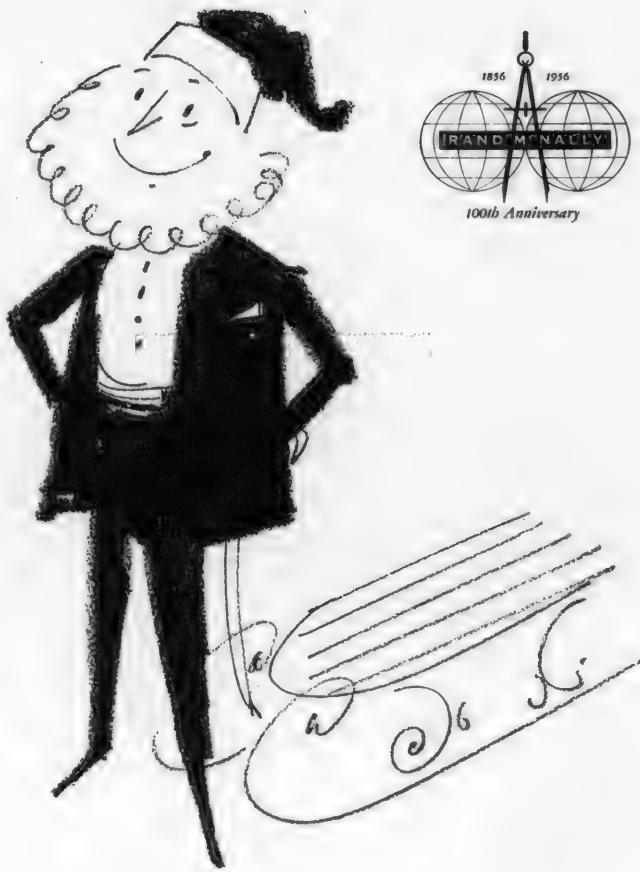
(4) If the value of the gift is apt to exceed the allowable deduction, the gift may be spread over several taxable years by techniques such as the following:

- (a) Incorporation of a business (e.g., rental property), followed by appropriate gifts of stock.
- (b) Reduction of the value of property by placing a mortgage or other encumbrance thereon before the gift is made. Subsequent gifts can be made from the cash derived from the loan.
- (c) Gifts of parcels of property (especially land) in several years.

(5) Quite often a tax "profit" is available inasmuch as the allowable income tax deduction is based on the fair market value of property and not on the taxpayer's tax basis.

(6) Frequently a stable annual income is a desired objective (especially for an elderly taxpayer). This need can often be satisfied by the transfer of property to a charitable foundation in exchange for an annuity, and in some cases a charitable deduction may be obtained as part of the transaction if the amount paid is in excess of the present value of the annuity. (See Revenue Ruling 55-388 for a discussion of this subject.)

In planning for the income tax deduction it must be kept in mind that Section 170 of the Internal Revenue Code imposes several limitations. This section limits the individual deduction to 20% of adjusted gross income for gifts "to or for the use of" a charitable foundation. The additional deductions, up to 10% of adjusted gross income, is allowed only for gifts "to" the three types of organizations specified at Section 170(b) (church or convention of churches; an educational institution; an exempt hospital). Hence it appears that a gift to a charitable foundation "for the use



Have sleigh—will travel

Put him to work for you right now.

He's helped a lot of banks around the country get new customers . . . new accounts . . . simply by installing a Christmas Club.

You'll be surprised how many more people enter your door every day . . . make regular payments . . . discover your other banking services.

There are a number of Christmas Club Systems to choose from. Rand McNally is a particularly good one. Their unique new Clubtroller system speeds handling, cuts costs, eliminates the need for ledger cards or sheets.

For samples and full information, drop a line to:

**Rand McNally & Company, Christmas Club Division,
111 Eighth Ave., New York 11. Box 7600, Chicago 80.**

of" the foundation would be subject to the 20% limit (and not allowable for a full 30%), even though the foundation might be using all or part of its funds for the support of one or more of the types of organization specified in Section 170(b). A further new and important complication appears at Section 170(b)(1)(D) which denies an income tax deduction for certain transfers *in trust* if the grantor retains a 5% reversionary interest.

Of course tax considerations should not be the sole consideration, or necessarily the primary considera-

tion, in decisions involving charitable foundations. Where tax aspects are important, a taxpayer would be ill-advised if his adviser failed to point out the areas of restriction on the purposes and operations of a charitable foundation. Adequate time spent on explanations of these restrictions may result in the elimination of, or at least minimization of, certain management problems of the foundation.

The bulk of management problems, from a tax standpoint, arise from the application of the following sections of the Revenue Code:

(1) Sections 170(c) and 501(c)(3) relating to the basic "acceptable" activities of the foundation.

(2) Section 503 relating to "prohibited transactions," and Section 504 which augments Section 503.

(3) The "unrelated business income" provisions of Section 511 through Section 515.

Section 170(c) (income tax deduction for gifts) and Section 501(c) (exempt organizations) contain correlated requirements for the deduction and exemption. The requirements can be summarized as follows:

(1) Deduction is allowed only if gifts are made to charitable foundations created or organized in the United States or its possessions. In addition, a gift by a corporation is deductible only if it is to be *used* within the United States or its possessions.

(2) The foundation must be *organized and operated exclusively* for religious, charitable, scientific, literary, or educational purposes, or for prevention of cruelty to children or animals.

(3) No part of the net earnings may inure to the benefit of any private shareholder or individual.

(4) No substantial part of the activities shall be devoted to carrying on propaganda or otherwise attempting to influence legislation. Section 501(c) (exempt organizations) adds an elaboration on this point which precludes the participation or intervention in any political campaign on behalf of any candidate for public office (including the publication or distribution of statements).

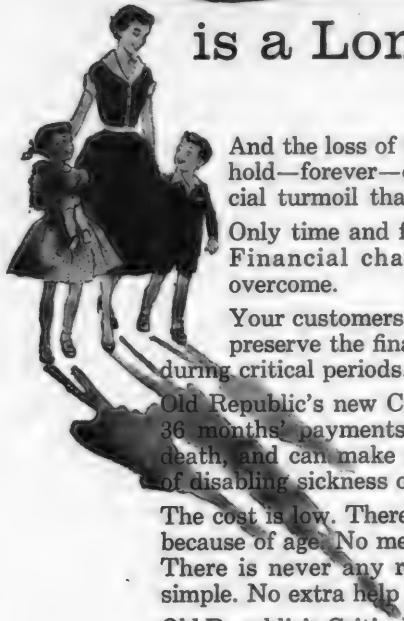
Organization Problems of Foundations

The organizational and management problems of the charitable foundation usually arise in connection with desires by the creator to retain control of the foundation, to direct its benefits to the creator or members of the family, or to engage in activities which are not "exclusively" related to the proper exempt purposes. An attempt to explore the problems in this area would clearly be beyond the scope of this discussion, but the writer would like to point out that the requirements for deduction and exemption have a scope limited only by the imagination of the Treasury.

Section 503 (relating to "prohibited transactions") is, in effect, an elaboration of Section 501(c),

Forever...

is a Long Time



And the loss of the major support of a household—forever—can cause emotional and financial turmoil that may disrupt lifelong plans. Only time and faith can heal emotional hurt. Financial changes can be more readily overcome.

Your customers desire a service that will help preserve the financial stability of a household during critical periods.

Old Republic's new Critical Period plan guarantees 36 months' payments in event of the mortgagor's death, and can make 12 months' payments in case of disabling sickness or illness.

The cost is low. There is no differential in premium because of age. No medical examination is required. There is never any repayment. Handling is very simple. No extra help is required.

Old Republic's Critical Period plan is something your customers want. It is good business for both of you.

A letter, wire or phone call will bring the man from Old Republic to your desk with full information.



Old Republic
Life Insurance Company

Chicago 1, Illinois

which states the basic requirements for exemption. The "prohibited transactions" provisions are aimed primarily at the *operations* of the foundation as opposed to defects in its creation. The concept requires the loss of exempt status if the foundation engages in certain transactions with its creator (including a corporation controlled by the creator), or with members of the family of a creator or a "substantial contributor," or with a "substantial contributor" to the foundation, in which the foundation

(1) Lends any part of its income or corpus without adequate security and reasonable interest.

(2) Pays unreasonable allowance for salaries.

(3) Makes services available on a preferential basis.

(4) Makes any substantial purchase of securities (or other property) for more than adequate consideration in money's worth.

(5) Sells any part of its securities (or other property) for less than adequate consideration.

(6) Engages in any other transactions which result in a substantial diversion of its income or corpus.

The area of "prohibited transactions" covers a multitude of possibilities which cannot be discussed here, but special attention should be given to the last of the stated transactions ("6" above) which has the effect of a "catch-all" provision of extreme scope.

"Unrelated" and "Prohibited"

The "unrelated business income" provisions of Sections 511 through 515 are somewhat peculiar in that they do not cause the loss of exemption which is the key point in the "prohibited transactions" area. The fact that a foundation is taxable on its "unrelated business income" is a relative problem depending on the scope of its activities and the amount of net business income realized. The objective of the code is to tax gross income, less applicable deductions, derived from a trade or business *regularly* carried on which is not substantially related to the *function* of the foundation.

The charitable foundation is a useful social and economic tool which, to a considerable extent, has become the target of unfair criticism. Its use in income tax and estate tax planning should be revitalized as a normal area to be explored.



answers a small bank's CONSUMER CREDIT growing pains



The new Rol-Dex installation in the Falconer, N. Y. office of the Chautauqua National Bank of Jamestown, N. Y. houses the bank's central file, loan history and loan ledger cards. The two-level unit is operated by one responsible clerk who handles all inquiries direct.

Consolidation of records, made possible by Rol-Dex has answered the record handling problems of this bank. They say: "The merits of having these records in one convenient location, the sole responsibility of one person, cannot be overstated."

Rol-Dex can solve your active record handling problems, too!

The flexibility of Rol-Dex design makes this filing equipment ideally suited to active bank record handling. Records roll to the seated clerk, making her work less tiring, reducing chance of error. She can post and return while seated at the file. Increased speed . . . increased service.

Send coupon for our bank record handling bulletins.



for
CONSUMER CREDIT
BOOKKEEPING
CENTRAL FILE
and many other
active bank records

WATSON MANUFACTURING COMPANY, Inc.

Rol-Dex Division, Dept. B-5
Jamestown, N. Y.

Please send me information about Rol-Dex record handling equipment.

Name
Company
Street
City
Title
Zone
State

WATSON (established in 1887) also builds standard and custom built bank counter equipment, as well as a complete line of filing cabinets, courthouse and hospital equipment.

New FNMA's First Year

(CONTINUED FROM PAGE 44)
the payment of a Federal income tax equivalent of \$161,465 and for preferred stock dividends of \$101,885. The required purchase and marketing fees paid by sellers in connection with their sales to FNMA grossed \$263,000 during the first year's activities. FNMA's fees, charges, and prices are expected reasonably to prevent excessive use of the facility and insure that the operations will be financially self-supporting.

Secondary Market Success

FNMA has been asked: "What success have you had with your secondary market program?" Everything considered, the answer, from the agency's viewpoint, is: "Most satisfactory, indeed." But those who should be best able to answer that question are the banks, the mortgage investment concerns, and related organizations that have had dealings with the FNMA. Included in this list are the more than 800 sellers in all parts of the country that have qualified to sell acceptable mortgages to FNMA. Less than eight months previously the number of qualified sellers totaled about 400.

FNMA's secondary market operations objectively aim to provide a degree of liquidity for home mortgage investments when and where needed and thereby improve the distribution of investment capital available for home mortgage financing. This is accomplished by the purchase of acceptable mortgages in areas where mortgage financing funds are in short supply and by selling these mortgages in areas where investment funds are plentiful. The assistance rendered by FNMA is, in this respect, supplementary to that furnished by the private secondary market.

Source of Funds

The funds used by FNMA in the conduct of its secondary market activities are obtained in part from the proceeds of the Treasury-held preferred stock and in part by funds supplied by private investors. The operations of the facility are carried out in a manner closely parallel to that of a private enterprise organization that conducts a similar type of business. Insofar as prac-

ticable, FNMA's secondary market purchases are confined to readily marketable mortgages; that is, to mortgages which meet generally the purchase standards imposed by private institutional mortgage investors. The prices paid by FNMA for acceptable mortgages are established at the market for such mortgages, as determined by the agency.

The first year of FNMA's secondary market operations witnessed a good start toward the goal of eventually transferring the ownership of the facility to the holders of the common stock. Subscriptions by sellers to FNMA's common stock, a key in this process, have thus far increased capital and operating funds by about \$1,675,000. As a means of providing additional operating funds needed in the conduct of the secondary market activities, plans are now being completed to offer, during the early part of 1956, an issue of debentures for sale to private investors. Additional offerings will be made from time to time as circumstances require.

Public Interest

As might be expected, more interest is currently being shown in the FNMA secondary market operations, as a consequence of the prevailing market situation, than in the two other FNMA programs; namely, the management and liquidating functions and the special assistance functions.

The special assistance functions in general are intended to provide aid for financing selected types of home mortgages originated under special programs upon authorization of the President of the United States or of the Congress. A factor of considerable potential importance and significance is the provision which permits special assistance through the purchase of home mortgages generally as a means of retarding or stopping a decline in the mortgage lending and home building activities which threaten the stability of a high-level national economy.

The FNMA has been authorized by the President or by the Congress to undertake seven special assistance programs. These relate to housing (1) in Alaska, (2) in Guam, (3) primarily intended for victims of major disasters, (4) for defense and

military personnel, (5) in connection with urban renewal, (6) for the Armed Services, and (7) for cooperatives. Comparatively little activity has thus far occurred under these programs, but that circumstance should not be taken to mean that the programs will not be utilized.

Before FNMA's commitments are requested by sellers, the sponsors of the housing must have already completed their planning details and have finished other time-consuming tasks. Consequently, and this is particularly true in respect to large projects, a considerable period of time may elapse before sponsors are ready to seek FNMA assistance.

Management; Liquidating

The management and liquidating functions are concerned with the disposal of the mortgage portfolio acquired as the result of obligations incurred prior to the rechartering of the presently constituted FNMA. This consists of approximately 348,000 mortgages with unpaid balances of about \$2.5-billion. The present portfolio is a little larger than a year earlier, when FNMA owned slightly over 332,000 mortgages totaling about \$2.4-billion. This increase was brought about by purchases during the period of about 38,000 mortgages amounting to \$427,000,000 against the then outstanding obligations amounting to almost \$603,000,000. These purchases were offset during the year to a considerable extent, however, by sales of \$87,000,000, repayments of \$127,000,000, and other principal credits of \$38,000,000. Outstanding purchase obligations now amount to \$57,000,000, and as these disappear the portfolio will show a steady decline.

Brief Suspension

Sales of mortgages from the management and liquidating portfolio were temporarily suspended during the latter part of October 1955, pending completion of a nationwide survey of the general secondary market. The FNMA Charter Act requires that these mortgages are to be liquidated in an orderly manner with a minimum loss to the Government.



Crown Zellerbach's Record First Half

Operations for the first six months of our current fiscal year have set all-time records...

| | Six Months Ended October 31 | |
|--|-----------------------------|---------------|
| | 1955 | 1954 |
| Sales | \$169,579,000 | \$154,044,000 |
| Net Income | \$ 18,727,000 | \$ 16,135,000 |
| Per Share of Common Stock | \$1.63 | \$1.42 |
| Production - Paper and Paperboard | 603,669 tons | 549,008 tons |

Our Board of Directors has declared a quarterly dividend of \$0.45 a share on common stock, payable January 3, 1956, to shareholders of record December 13, 1955. The Board intends to continue dividends at this new annual rate of \$1.80 a share, instead of the former \$1.60 rate, as long as conditions permit.

Prospects for the second half are excellent. All our production facilities are running full, and orders continue to exceed capacity. Prices are firm and inventories of finished products are low.

*For a copy of our semi-annual Report to Shareholders,
please address Department 2.*

CROWN ZELLERBACH 
PAPER AND PAPER PRODUCTS SINCE 1870

Washington

(CONTINUED FROM PAGE 41)

of banks by consolidation and merger. These were approved by the Comptroller's office to meet the needs of the communities for larger institutions to care for the growing industries and businesses of their areas. These communities needed larger banks to meet the competition of New York City banks, in the Comptroller's view.

Because of the growth in these communities, these banks would have grown anyway, but the mergers facilitated the adjustment to needs.

In turning down for the present the approval of any further acquisitions, the Comptroller is said to feel that these banks are now large enough to provide adequate services for their communities and there is now no further need for these banks to expand via the route of acquiring additional banks as branches. So the original objective involved in the approval of the mergers up to the recent present, has been achieved, and there is no further need for expansion for some time to come.

There were two things emphasized by the Comptroller. One was

that this decision was applicable only to the three institutions in question. The policy against further acquisitions by the three banks will not be a bar to acquisitions by other banks in other communities where there is a demonstrated need for larger banks to serve adequately the needs of their communities. The Comptroller is openminded about other requests for mergers.

The second point emphasized was that it was in no way a political decision.

On the other hand, the Comptroller's decision in this matter underscored the point of view he took in hearings last year before Mr. Celler's committee when the subject of bank mergers was under consideration. That viewpoint was that the Comptroller was approving mergers, not because he favored larger banks as such, but because the growth of the size of banking institutions was a natural response to the growth of business and the population, requiring larger institutions to provide necessary banking services.

Other Legislation

Another major pending banking proposal is the bill, passed with amendments by the Senate, to regulate the granting of branches to Fed-

eral savings and loan associations. It was hoped that the House Banking Committee would give this subject a hearing this year.

Salary increases for major Federal executives, including bank supervisory officials, passed the House and were reported to the Senate.

It was indicated that the Senate would take up the bank holding company regulation bill fairly early in the session. A broad bill in general agreement with the proposals of the independents was passed last year by the House. A bill more restricted in scope, and more in line with the recommendations of the bank supervisory officials, was reported by the Senate Banking Committee, but there was insufficient time in 1955 for floor consideration.

While the life of the Small Business Administration was extended for two years in the 1955 session, and the agency thus will not come up for renewal in 1956, "liberals" are expected to try to expand its lending functions. The agency will need additional funds for business loans, it is reported, by the end of this fiscal year. Its disaster fund also will need additional appropriations.

Another housing bill is almost inescapable. Democrats are expected to seek to liberalize housing legislation somewhat, although they have not yet agreed upon what they want. There will be another dispute over the volume of public housing to be authorized.

Whether the House Appropriations Committee—whose staff has been studying bank compensation for services they provide the Treasury—will recommend legislation permitting the Secretary of the Treasury to require the payment of interest on tax and loan accounts remains to be seen. It is expected that the Treasury would oppose such a proposal.

Last year the Congress took no action upon the Administration proposal authorizing Farmers Home Administration to make loans to part-time farmers, as part of its program for aiding low-income and part-time farmers.

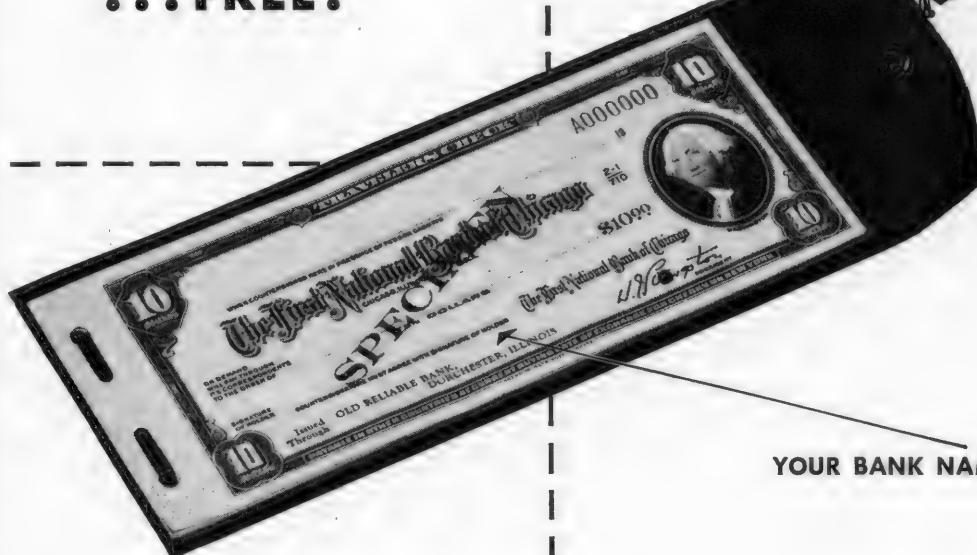
Business Loan Survey Results Due Soon

Within a few weeks the banking world may get a look at the results of the business loan survey conducted by the Federal Reserve Board. This will provide the first

(CONTINUED ON PAGE 118)

Advertisement

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YOUR BANK NAME HERE

When your customers travel this year, they can be international advertising agents for you and your community—if you provide them with First National Bank of Chicago Travelers Checks. For each check you sell carries your bank's name and the name of your town.

What's more, in return for handling The First National Bank of Chicago Travelers Checks, your bank keeps the *entire* commission.

Your customers will appreciate the safety and convenience of our Travelers Checks, too. We make a prompt refund if checks are lost or stolen.

They're accepted everywhere—all over the world—and have been for more than 45 years. Each denomination (\$10, \$20, \$50 and \$100) is a different color to prevent confusion. And each check is printed so that, in countersigning, the cashier has to cover the original signature—an extra protection against forgery.

Travelers Checks that do a better job for you and your customers are just one of our many services. For more information about the benefits of any or all of our services, write or wire us today. A man from The First will call on you at your convenience.



The First National Bank of Chicago

Building with Chicago since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 116)

detailed analysis of the ways banks serve their business customers since the Board's previous survey in 1946.

Questionnaires designed to elicit a wealth of material on bank loans to business were sent to a represen-

tative group of nearly 2,000 commercial banks, large, small, and medium. The A.B.A. urged banks to cooperate in supplying this information. There was an extremely high response, it was indicated.

Ordinary statistical reports published regularly by the bank super-

visory agencies seldom tell the qualitative story of bank services to business—only the quantitative job. This survey will answer many questions about *how* banks serve business. It will be able, for instance, to appraise the extent to which banks make business loans secured by real estate, which ordinarily would show up in mere "real estate loans."

Whereas the 1946 survey required several months for the assembling and analysis of figures, once they were transmitted to the Board's research staff, the present survey will require only a few weeks. The Board's staff receives the data from the 12 FR banks on punch cards and will transmit the information therefrom to electric computers, thereby saving months.

Auto Dealers Complain

Spokesmen for automobile dealers who appeared before a Senate Judiciary subcommittee made a number of complaints against motor manufacturers. Among other things, they implied that loose automobile credit terms were the consequence of a policy of motor makers of "forcing them" to take more automobiles than they could readily sell.

As a consequence of this policy, it was charged, used cars are piling up, and to dispose of them and new cars the dealers are required to grant exceedingly liberal credit terms and greater allowances on traded-in cars, and all this is paring their profit margins so that the dealers are not making sufficient profits to stay in business.

Motor manufacturers countered that automobile dealers cannot get over the era, which prevailed so long during the war and postwar years, of having a sellers' market, in which they had no trouble in disposing of all the cars they could get their hands on.

In 1938, in an earlier period of severe competition in the sale of cars, similar complaints were made by the dealers. The Federal Trade Commission made an investigation and report which seemed to criticize roundly the practices of both the manufacturers and dealers.

Every Youth Subject to Service

Military authorities point out that every employer, including banks, must take account of the basic pro-

(CONTINUED ON PAGE 122)



Max W. Hofmeister, Pres.
Mobile-Home Agency
Insurance Consultant To
Mobilehome Finance Institutions

A Sound Insurance Program is the Backbone of Mobilehome Financing

MOBILE-HOME AGENCY offers Specialized Insurance Coverages to mobilehome financing institutions.

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Complete coverages with nation-wide protection and claim service provide the assurance of protection of your portfolio.

Your inquiry concerning Mobilehome Financing-Insurance will receive our prompt attention.

FIRE . . . THEFT . . . and Combined Additional Coverages
Collision, including Trip Collision
SKIP Coverages and Single Interest Collision
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Life, Accident and Health



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A GUARANTEE AGAINST LOSS

Insuring Mobilehomes From Coast to Coast is our only business

MOBILE-HOME AGENCY, INC. Keeler Building, GRAND RAPIDS, MICH.

M I T

Dividend Announcement

Massachusetts Investors Trust
DECLARES ITS
125th Consecutive Dividend

37 cents a share, from net income, payable December 24 to shareholders of record December 1, 1955.

ROBERT W. LADD,
Secretary

200 Berkeley Street, Boston



106
Consecutive
dividends

A quarterly dividend of 45¢ a share has been declared on the common stock of this company, payable on Jan. 2, 1956, to shareholders of record Dec. 9, 1955.

A quarterly dividend of \$1.00 a share has also been declared on the preferred stock of the company. It too is payable on Jan. 2, 1956, to shareholders of record Dec. 9, 1955.

Abbott LABORATORIES

Manufacturing Pharmaceutical Chemists,
North Chicago, Illinois

A New Light ON BANKING



The Third National Bank of Rockford, Rockford, Illinois

has put a new light on their banking operation with Curtis Alzak aluminum low-brightness Eye-Comfort® troffers. And just as the Third National put on a new light, so have others of America's outstanding banks — banks like the First Wisconsin National Bank of Milwaukee, the First National in Chicago and the Republic National in Dallas. What is this new light? First, its basis is the Curtis Alzak aluminum low-brightness Eye-Comfort® troffer. The low-brightness of this fixture properly installed assures that 90-96% of the people will be visually comfortable. That means increased productivity because of less time lost due to headaches, eye-strain and fatigue. Guaranteed for a lifetime, Curtis Alzak low-brightness troffers provide superior light control. They're color stable and tarnish-free. Maintenance is a dry-cloth operation. *That's* the new light by Curtis. *That's* why bankers and architects the country over have made Curtis lighting the standard of quality bank lighting over the past 60 years. and *that's* why more banks are depending on Curtis for their lighting dividends in the years to come. If you're planning to light a new bank or relight an existing one, write Department A30-TN for more detailed information.

Architect: Myland-Hubbard, Rockford, Illinois. Electrical Contractor: Elmer A. Johnson, Wilson Electric Co., Rockford, Illinois

January 1956

CURTIS
LIGHTING, INC.

6135 WEST 65th STREET
CHICAGO 38, ILLINOIS

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TORONTO 17, CANADA

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Address _____

City _____ State _____

A30-TN

The modern MICRO-TWIN belongs in

The marvelous Micro-Twin combines recording and reading in one low-cost unit.



Burroughs microfilming equipment offers these important features:



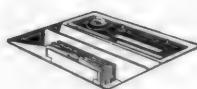
Facsimile prints can be made easily—without a dark room.



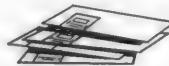
Exclusive indexing meter locates desired items quickly and easily.



Choice of lenses—37 to 1 or 24 to 1 reduction ratios are offered.



High-speed feeding is automatic with the optional Acro-Feeder.



Automatic endorser is available as a time-saving accessory.



Low-cost filming handles 77 checks for one cent, including processing.

gsin your bank—and it costs so little!

Separate Readers and Recorders are also available

Model 205 Recorder

Here is the Micro-Twin without the Reader—ideal for banks which require separate Recorders.

The 205 Recorder will record as fast as you can feed it, either by hand or automatically. It photographs records front and back simultaneously or one side only, whichever you prefer.

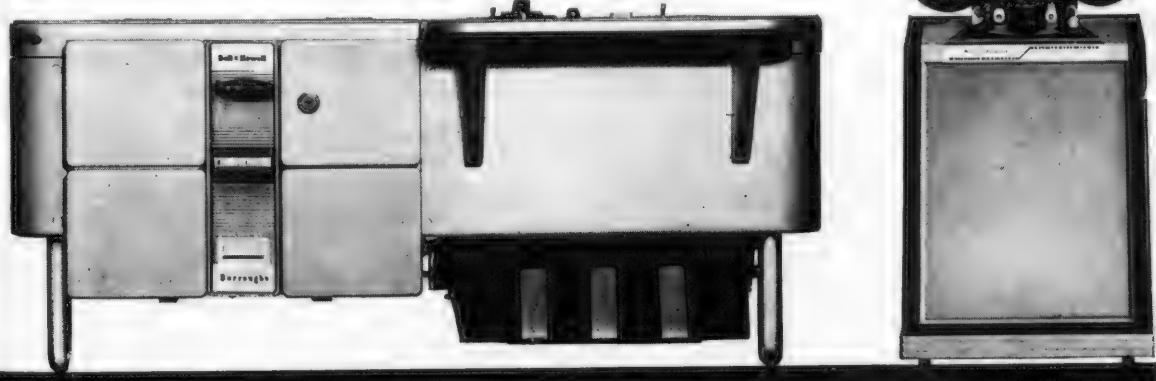
And it's compact and easy to move about—just 32" wide, 23" deep.

Model 206 Reader

If your bank needs extra Readers to handle microfilm reference, the Burroughs 206 Reader is the ideal solution.

Only 16 pounds, it weighs less than most portable typewriters, and takes up less than a square foot of surface space.

It projects 8-, 16- or 35-mm. film without changing the lens or film guide. The image can be turned in any position on the Reader screen.



For a free demonstration of how Burroughs microfilming can save money for your bank . . . from its low initial cost, through years of protection and economy, call our nearest branch office, listed in your phone book. Burroughs Corporation, Detroit 32, Mich.

"Burroughs" and "Micro-Twin" are trade-marks.

Bell & Howell
MICROFILM EQUIPMENT

SOLD AND SERVICED BY
Burroughs



(CONTINUED FROM PAGE 118)

vision of the Reserve Act, which potentially subjects every young man in good health to a term of up to eight years of combined active and reserve training. Any time during that 8-year period, he may be called into military service in case of war.

Enlistees and draftees serve two years or more inactive service. Their responsibility for active participation in the military reserve is eight years minus their period of active duty.

Congress last year provided for an optional training program for volunteers, in lieu of the draft or enlistment, whereby young men could take six months of active training and spend 7½ years in the active reserve. This has not worked well, as volunteers for the program have been comparatively few.

Thus, while every youth is theoretically subject to eight years of active or reserve military responsibility, those who avoid enlistment or are not called in the draft may, practically speaking, escape their responsibility.

Hold Tight on Housing Credit

It was suspected that in calling his roundtable discussion on the mortgage finance outlook, Senator Sparkman anticipated this might lead the Administration to retreat in some way and make more funds available for housing mortgages.

At this writing this had not occurred. However, Albert M. Cole, Housing and Home Finance Administrator, clearly stated that, if it appeared that the volume of housing starts in 1956 would fall below 1,200,000 units, the Administration would take steps to ease the mortgage money stringency.

There was a growing belief in Washington that officials would have to do something if and when they became apprehensive of failing to reach this construction goal, so great a vested interest is there in a substantial volume of housing construction.

On the other hand, an easier money policy for the sake of more ample credit on mortgages alone was not expected. Instead it appears probable that the Federal National Mortgage Association might be made a vehicle for supplying credit di-

rectly to the mortgage market while in other sectors credit restraint is maintained generally.

Of something over \$300,000,000 that FNMA may use for supporting special types of mortgages, \$90,000,000 remains uncommitted. This \$90,000,000, if the President so ordered, could be put to work buying any VA or FHA types of mortgages desired, and advance commitments could be offered. Under such powers, sellers are not required to buy 3% of the principal sum of mortgages they place with FNMA in the capital stock of the corporation, as it required under normal "secondary market" operations by FNMA as reorganized under the Housing Act of 1954. If more than \$90,000,000 should be desired for general mortgage credit support, additional legislation would be needed.

Officials have had to give up, because of tightness of money, their objective of selling from \$500,000,000 to \$1-billion of FNMA debentures to investors the burden of carrying FNMA's "old" portfolio of mortgages acquired prior to the reorganization under the 1954 act.

On the other hand, they will almost be forced to go into the market to sell a small issue of debentures

to carry new secondary market purchases. This may be required to make possible continued purchases which are rapidly reaching the total fund of \$93,000,000, which is all that is available, the same being the Treasury's capital.

It was noted that the Federal Reserve position toward "mortgage warehousing" was far less hostile than complaints had made it out to be. Chairman Martin said it was the "right and duty" of any Federal Reserve bank president to call attention to any special problems he saw. So far as the Federal Reserve was concerned, the Board did not wish to confuse long-term investment with short-term credit.

New Committee Counsel and Clerk

The House Banking and Currency Committee has a new clerk and general counsel, Robert L. Cardon. He replaces William J. Hallahan, appointed to the Home Loan Bank Board last summer.

Mr. Cardon, 37, a native of Logan, Utah, got his law degree at the University of Michigan after piloting a bomber in the 8th Air Force in World War II. Following graduation he worked in the office of the House Legislative Counsel.

Arizona Nominates Hazeltine

AT its recent convention in Phoenix, the Arizona Bankers Association unanimously endorsed the nomination of Sherman Hazeltine, president, Bank of Arizona (Prescott), for vice-president of the American Bankers Association at

Mr. Hazeltine



the annual convention in Los Angeles, in October 1956.

The resolution of the Arizona bankers read, in part, as follows: "In the 52 years since its organization, the Arizona Bankers Association has never before nominated a candidate for the office of the vice-presidency of the American Bankers Association. In recognition . . . of the fact that the entire Rocky Mountain area has had only one president of the Association in 80 years, Arizona unanimously nominates Sherman Hazeltine as an outstanding candidate for vice-president."

Among the important positions Mr. Hazeltine has held are those of secretary of the Arizona Bankers Association, 1939-41, and president, 1946-47. In the A.B.A. he has served as chairman of the Committee on State Legislation, is presently a member of the executive committee of the State Bank Division, and is chairman of its Legislative Committee.



Prospecting for new customers . . . for you!

The old sourdough and Christmas Club a Corporation have one thing in common: prospecting is their business. The sourdough searches for gold (or more likely these days, uranium); Christmas Club concentrates on finding new customers for you.

Every year, thousands of new customers are attracted to financial institutions by Christmas Club. Every one of these Christmas Club Members is a good prospect for all the other services you offer.

You can get all the details from your Christmas Club man. Naturally, there's no obligation. Just send the word. We'll send him on our fastest burro!

Christmas Club

A Corporation

Founded by Herbert F. Rawlin

230 Park Ave., New York

BUILDS CHARACTER • BUILDS SAVINGS • BUILDS BUSINESS FOR FINANCIAL INSTITUTIONS

January 1956



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NEW, CLEAN WAY

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Blurry, eye-straining carbon copies are now a thing of the past. A & W Blue Copy Rolls yield clear, clean, legible impressions right through ledger cards.



3 CHECKING

No amount of handling can cause soiling of fingers, arms or clothing when you use A & W Blue Copy Rolls. Here's a "dirty job" made clean.



4 FOLDING

Creases in a carbon copy may transfer ink and ruin legibility, but copies from A & W rolls never smear, offset or distort vital records.



5 FILING

Fingers stay clean no matter how many times they touch copies made with A & W Blue Copy Rolls. Here, for the first time, is "No-Smudge" Accounting!

SAMPLE ROLL FREE!

Make your own test, on your own equipment, without cost or obligation. Simply fill out and send us the coupon at right, specifying the width of roll you require. We'll send you a FREE SAMPLE ROLL to prove our claim of "No-Smudge" accounting!

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Present Day Banking—1956

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21 Steps to Prevent Loss

TWENTY-ONE steps toward creating "a climate that is definitely unfavorable to the would-be embezzler" were suggested to the correspondents conference of The First National Bank of Chicago by Charles Z. Meyer, vice-president and comptroller of that bank. Here they are:

(1) Rotate employees to the greatest possible extent, thereby effecting improved control, more efficient operation, and greater staff flexibility.

(2) Segregate duties. No person who handles cash should post ledgers. Whatever the nature of the transaction, no person should be permitted to originate and complete all phases of it.

(3) Insist that each officer and employee take a full and uninterrupted vacation away from the bank. The control officer or the executive officer should report to the board annually whether this rule has been observed by everyone. An absence of only two weeks will frequently serve to reveal any shortage.

(4) Discourage use of what is commonly called the teller's "kitty." Make certain that counter differences are cleared daily.

(5) Keep a close watch on the spending habits of employees and officers, and especially note any indication that expenditures are exceeding known income. Be sure they are not borrowing beyond their ability to pay. Prohibit overdrafts.

(6) Carefully screen all job applicants, and accept no one whose integrity is in the slightest degree open to question.

(7) See that compensation is adequate to the employee's reasonable needs. If the demands upon his income exceed his ability to earn, a shift to some other type of employment would probably be best for all concerned.

(8) Keep all securities, collateral and reserve cash under dual control. Be sure every teller has his own cash, and that he can protect it properly. Only one individual should work from a cash drawer.

(9) Mail commercial account statements periodically.

(10) Prohibit ledger sheet erasures.

(11) Make a frequent check of deposit tickets for any indication that one or more are being withheld in order to conceal a shortage. This can be done by comparing date of ticket with date of entry on ledger.

(12) Make sure loans are properly approved and that they are listed on prenumbered registered forms.

(13) Make it a rigid rule to pay out the proceeds of a loan only by official check or by credit to the customer's account. Permit no notes signed in blank to be held in the bank. Issue prenumbered receipts to the customer for all collateral received and keep them under dual control.

(14) Segregate and place all dormant accounts under dual custody in a separately controlled subsidiary ledger. Require approval of all changes by the executive officer of the bank and the control officer. Inactive accounts are especially vulnerable to peculation.

(15) Be sure every ledger card is controlled.

(16) Maintain a duplicate set of signature cards in the custody of a control officer so that he can periodically check the authenticity of withdrawals.

(17) Verify savings ledger balances by comparing them with customers' pass books when interest is credited.

(18) Strictly charge a control officer or other individual with the responsibility of writing all customers who close their accounts, promptly following verification of the transaction. Aside from being good auditing procedure, this is an excellent public relations technique.

(19) Be sure that keys to unrented safe deposit boxes are under dual control.

(20) Make such use of the services of an outside accountant and direct verification as your own considered judgment tells you will give you the protection you need.

(21) Be sure that bank records are beyond the reach of all officers and employees after working hours.



THESE PROVEN SAVINGS ARE YOURS... NOW!



* Figures here are conservative, taken from systems in use. Benefits in many cases were greater.

THE FACTS ARE CONCLUSIVE... Delay is more costly than installation!

Post-To-Check is the most efficient and economical checking account system known. Service is improved, methods simplified, errors and costs are reduced. The average cost of complete Post-To-Check installation is 60c per account . . . while the *average saving with Post-To-Check is 90c per account per year.*

Can you afford *not* to get these benefits?

So that your Post-To-Check decision can be based on actual facts, we have prepared two motion pictures showing the system in use, flow charts, literature, operational booklets . . . everything you need is yours for the asking.

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CEDAR RAPIDS, IOWA

REPRESENTATIVES IN MOST PRINCIPAL CITIES



THE CANADIAN BANK OF COMMERCE

HEAD OFFICE - TORONTO

STATEMENT AS AT OCTOBER 31, 1955

ASSETS

| | |
|---|------------------------|
| Cash Resources (including items in transit) | \$ 350,329,012 |
| Government of Canada Securities | |
| Securities | 650,305,935 |
| Provincial, Municipal and Other Securities | 223,498,391 |
| Call and Short Loans (Secured) | 116,087,291 |
| Total Quick Assets | \$1,340,220,629 |
| Loans and Discounts | 895,363,036 |
| Mortgages and Hypothecs insured under the N.H.A., 1954 | 49,172,067 |
| Customers' Liability under Acceptances, Guarantees and Letters of Credit, as per contra | 32,506,859 |
| Bank Premises | 20,994,137 |
| Other Assets | 18,653,177 |
| Total Assets | <u>\$2,356,909,905</u> |

LIABILITIES

| | |
|---|------------------------|
| Deposits | \$ 2,211,427,472 |
| Acceptances, Guarantees and Letters of Credit | 32,506,859 |
| Other Liabilities | 8,137,603 |
| Total Liabilities to the Public | \$2,252,071,934 |
| Capital Paid Up | 37,477,363 |
| Rest Account | 65,961,516 |
| Undivided Profits | 1,399,092 |
| Total Liabilities | <u>\$2,356,909,905</u> |

STATEMENT OF UNDIVIDED PROFITS

Year Ended October 31, 1955

| | |
|--|---------------------|
| Balance of profit for the year before provision for income taxes but after making transfers to inner reserves out of which full provision has been made for diminution in value of investments and loans | \$ 14,309,899 |
| Provision for income taxes | 7,050,344 |
| Balance available for distribution | \$ 7,259,555 |
| Dividends | 4,258,111 |
| Amount carried forward | \$ 3,001,444 |
| Balance of undivided profits October 31, 1954 | 647,648 |
| Transferred to Rest Account | \$ 3,649,092 |
| Balance of undivided profits October 31, 1955 | <u>\$ 2,250,000</u> |
| | <u>\$ 1,399,092</u> |

JAMES STEWART
PRESIDENT

N. J. MCKINNON
GENERAL MANAGER

Home Improvement

(CONTINUED FROM PAGE 51)

As we have come forcibly to realize, mere volume building by itself is not wholly the answer. The other necessary part is eternal vigilance in the preservation of property.

The subject of the rise and fall of neighborhood areas and the reasons therefor is an absorbing one. We have a parallel in the rise and fall of businesses and family fortunes. Consider how many ways there are of viewing the picture. If we take a novelist with us to the scene he will naturally see things in terms of human drama. Or a sociologist, in terms of social forces. The economist no doubt will be interested in the tax situation. But in whatever way we look at it, or who looks at it, we always seem to be in an unending race with Father Time.

The old man with the scythe is sweeping along 24 hours a day, and he is on the lookout for the indifferent and the unwary. At best he is a hard and sometimes a deadly man to keep up with. A little falling behind, a spot of blight here, disrepair or perhaps lack of modernization there and he has his foot in the doorway or perhaps several doorways. Give him a few years and he can take over.

Watch for Symptoms

So at FHA we are interested in *symptoms*; or, in other words, our way of looking at the housing picture is a clinical one. That spot of blight or disrepair or lack of modernization may seem minor—but so is the first sign of Dutch elm disease that can ruin a countryside. If those concerned with the housing field have absorbed a lesson it is that, once symptoms appear, they can't be bypassed or isolated by looking the other way.

The history of our cities proves it. The costs of falling behind in the race with time are astronomical, and unfortunately entail a burden on *all* taxpayers, the wary as well as the unwary. All suffer. Declining assessments in one area imply a compensatory rise in taxes covering all areas. Then comes the point when drastic measures are called for.



The Cleveland project started in October, with various business groups concerned, identified by their signs, taking part in the inauguration ceremonies. The program will run throughout 1956

I am informed that a committee of experts in Philadelphia has estimated that in 10 years Philadelphia's total expenditures on urban renewal, including local, state, and Federal funds, should come to \$612,500,000.

Go down any older street. Look at the kitchens—some of them will take you back 40 years. Look at the bathrooms. Not much like the ones advertised in magazines, are they? Look around the living rooms and see how easily they could be made brighter and more livable.

Many of the families living in these older homes could afford to make improvements by borrowing the money and paying it on installments. Often it is only when the possibility is brought to their attention, vividly, that they are inclined to take action.

Then go down any street of small homes built in the past 10 years or so. You can almost see the walls bulge from the pressure of over-crowding. Families are getting to be larger. A young married couple may have bought one of the 4-room houses when it was new. Ten years and four children later they can hardly move around in it. Possibly they could build an addition to take care of the overflow, and sometime this year they could be inspired to do it.

Surely there is scope here for the legitimate and constructive employment of banking funds. A century or so ago, as I recall, it was

the bankers who, supporting the industrialists with vision, made possible, indeed inevitable, the initial growth of our cities. Now, in a new era, the problem is the *conservation* of our cities.

We now know the importance of conservation of property and home improvements, and there are plans under way to bring it vividly to people's attention in 1956.

The most ambitious plan—"Operation Home Improvement"—is being organized by a committee of manufacturers, dealers, builders, and lenders under the leadership of the Chamber of Commerce of the United States.

Cleveland's "Demonstrate"

The city of Cleveland is putting on a dramatic presentation of its own called "Operation Demonstrate." A block in a slum area has been picked as an exhibit. On one side of the street houses have been repainted. On the other side nothing has been done. The comparison speaks for itself along the lines of that old Chinese saying: "One picture is worth a thousand words."

The paint, plumbing, electrical, and other industries are bringing up their heavy artillery for an all-out attack in 1956 on property neglect.

The various programs will be integrated into a national campaign for home improvement to be inaugurated on January 16, when Housing and Home Finance Admin-

istrator Albert M. Cole, at the direction of President Eisenhower, will issue a proclamation declaring 1956 to be "Home Improvement Year."

Inevitably this brings me to the subject of FHA's Title I Home Modernization and Improvement program because it is quite clear that Title I is going to be playing a part on the 1956 stage, along with the other actors. There is no need for me on this occasion to go into great detail about Title I. The experience of most banks that have been active in making FHA-insured property improvement loans is that Title I—or a similar type of loan—is desirable for financing consumer credit.

But there are some significant aspects I want to emphasize. Let us go back in history—about 21 years. When the National Housing Act was under consideration in 1934, many bankers, as well as others, were doubtful about making loans for property improvement without security or endorsement and allowing as long as three or five years for repayment.

They also questioned the 5% discount rate. Serious losses to the Government on insurance were predicted. These fears were understandable at the time, but they have not been realized. On the contrary, operations spread over two decades, reaching into every county in the United States, have shown that with proper safeguards this type of loan is safe and profitable for the lender.

Altogether, Title I insurance has covered nearly 19,000,000 loans totaling more than \$8.8-billion.

And how about claims? Well, they have amounted to little over 2% of the net proceeds of all loans insured, and losses to the insurance fund (after recoveries by the FHA on defaulted notes are taken into account) have been less than 1%.

In the fiscal year 1955, lenders filed 49,431 claims with FHA for Title I insurance. Payment was denied on 863.

Statutory Violations

The chief reasons for FHA refusal to pay claims have to do with statutory violations. Typical violations include maturities running beyond those allowed by Title I of the National Housing Act; loans in amounts above the maximum established by the act; and loans made to finance improvements on residential structures that have not been completed and occupied for at least six months, as required by the act.

Another frequent cause for denial of a claim is substantial evidence that the note is not valid and enforceable in the jurisdiction in which it was made.

Still other reasons concern violations of FHA regulations, such as use of loan proceeds for ineligible purposes, when this is known to the lender.

When a violation of the regulations is involved, the FHA may give consideration to the possibility of waiving it; *but when there is viola-*

tion of the statute we have no choice but to deny the claim for insurance.

It sometimes happens, too, that a lender, through oversight, fails to report a loan for insurance, and only when default occurs and claim is made for insurance, and is denied is it revealed that the note was never insured and the premium never paid.

Effective October 1, 1954, the insurance coverage on the individual Title I loan was reduced to 90%, as provided in the Housing Act of 1954. At the same time, the FHA reduced the insurance premium from 0.75% to 0.65%. In the succeeding 12 months, claims paid to lenders amounted to about \$340,000, or \$37,000 less than would have been paid if the individual claim had been paid in full. In those 12 months, however, the reduction in the insurance premium resulted in a saving to lenders of \$1,800,000.

This specialized type of credit is best handled in a separate department of the bank set up for the purpose. In a smaller bank, where a separate department would not be justified, there should at least be one or more members of the staff who are thoroughly familiar with the provisions of the law, the FHA regulations and administrative policies, and consumer credit in general.

I feel very strongly the obligation that both the FHA and lenders have to give the borrower every possible protection. In an operation of this kind, involving a large volume of relatively small loans, it is obviously impossible as a general rule for either the FHA or the lender to follow up the transaction or to inspect the finished work. The FHA has requirements designed to safeguard the borrower. The FHA list of dealers subject to precautionary measures also provides a degree of protection for lenders as well as borrowers. But to a large extent both the FHA and lenders must rely on the integrity of the dealers through whom most of the loans are made.

So go down any street—any street in America—and find a market for your bank's services. This market reaches from Vermont to California and from Florida to Washington. The potential is almost beyond calculation. And it is worth remembering, too, that you will be engaged in a constructive undertaking as well as legitimate business.



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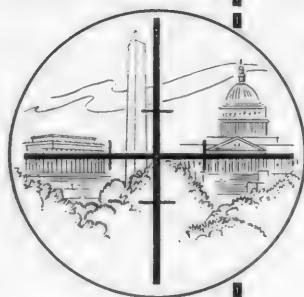
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House Bill

(CONTINUED FROM PAGE 37)

subsidiary "of a financial, fiduciary, or insurance nature" which the Board determines "to be so closely related to the business of banking or of managing or controlling banks as to be a proper incident thereto," or even to organize new subsidiaries of this type. This language is so broad that it could be construed to cover most of the nonbanking businesses now affiliated with bank holding companies, and completely defeat the purposes of the divestment provisions. The House bill exempts certain specific businesses which are incidental to the business of banking. If there are others which should be exempted this should be done the same way, through specific exemptions, rather than by giving the Board such sweeping authority.

It has been suggested that if the House does not accept the provisions of S. 2577 we must continue under the present inadequate laws relating to holding companies. I cannot believe this is true. I am convinced the Congress desires to pass an adequate bank holding company bill. Members of both parties voted overwhelmingly in the House for a bill which will deal effectively with the bank holding company problem. I see no reason to expect less from the Senate.

If Moses had had to submit the Ten Commandments to Congress, how many amendments would there have been?

If you ask some persons what they are thinking about, it's a compliment.

A politician who says he will stick to the facts has no respect for tradition.

You may get what you want if you wait, but it's apt to be pretty well shop-worn.

The children run about everything now but the lawn mower and the vacuum cleaner.

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Legislation, Competition

(CONTINUED FROM PAGE 36)

supervised by the Securities and Exchange Commission." The Investment Company Act permits operating diversification subject to strict prohibitions on intercompany dealing. In other words, if there be any evils in diversified investment by a bank holding company, they can be prevented by regulation short of divestiture. It will not do to say that a bank holding company can escape divestment merely by registering under the Investment Company Act. S. 2577 gives exemption only to companies so registered prior to last May 15. This "cut-off" provision is another example of unfair discrimination.

Another exemption in S. 2577 and H.R. 6227 leads to the same conclusion as to the need for divestiture. Both bills cover only holding companies owning "two or more" banks. Thus, 46 holding companies are covered while 117 "1-bank" companies are not. Obviously, there would be some reason for exempting these 117 companies from a bill which dealt only with problems of expansion. But many of these companies have substantial nonbanking assets, and the need or lack of need for divestiture, as the Federal Reserve Board has pointed out, applies to them as much as to the 46 other companies.

In short, we have again an implicit admission that divestiture is not really the remedy.

Other bank holding groups besides those just mentioned receive special treatment under S. 2577 by being wholly or partially exempted.

Tax Relief

The tax relief provisions are so drawn as to penalize the legitimate operations of bank holding companies at any time after May 15, 1955, and to prevent them from disposing of assets under the divestiture provision in a manner consistent with the adequate capitalization of their banks or nonbanking subsidiaries. Quite aside from the question of the need for this legislation, these deficiencies in S. 2577 seem to me to be so serious that the bill should be recommitted for further study.

Facts should determine the need for any and all provisions of the proposed legislation. The legislation is unneeded and unwise because (1) bank holding companies are making needed and desirable contributions to our expanding economy; (2) there is no evidence whatever that ownership of nonbanking assets has resulted in improper self-dealing, and any future danger can be fore-stalled by a simple prohibition short of divestiture; (3) antitrust laws apply to bank holding companies and no monopoly has been shown to exist; (4) Congressional intervention between competitors will create rather than prevent monopoly for certain bankers; (5) the bills are discriminatory.

A Wrong Precedent

The banking community should reject legislation such as this which is not built on proved need and does not apply equally to all. There is already adequate regulation in the field of banking. A precedent will be set here which can have far-reaching effects. It is against the best interests of banking to encourage the Congress to take sides in a competitive struggle. We should make service and safety to the customer the sole test of what type of banking shall prevail. There is nothing easier in this world than for a depositor to take his money from a bank. If he goes to banks owned by bank holding companies because they do a better job, neither he nor the holding company should be penalized.



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Agricultural Outlook

(CONTINUED FROM PAGE 68)

but generally are reported to be low. Few cases of forced liquidation have been reported but some operators have found it necessary to refinance non-real-estate obligations into longer-term real estate mortgages.

Credit Demand Up

Reports from merchants and dealers indicate that demand for credit by farmers has increased somewhat from a year ago and that collections are somewhat poorer. Some dealers reported that although their collections in 1955 were about as good as a year ago, more effort was required to obtain payments.

The higher rate of increase in non-real-estate debt in 1955 may be attributed to a number of factors. A major factor has been the increase in feeder cattle loans. The cost-price squeeze has induced many farm operators to expand operations in order to utilize more efficiently their labor and machinery and to keep incomes up. In addition, it has forced



Norman J. Wall

many farmers to incur or increase debts in order to meet current operating expenses.

Farm Mortgage Debt Tempo Up

Indications are that farm mortgage debt is increasing in 1955 at a somewhat higher rate than in 1954. Moreover, this higher rate of increase is expected to continue in 1956.

Interest rates on farm mortgage loans are somewhat firmer than a year ago, and are expected to edge up slightly in 1956. Some upward

adjustments may take place, particularly with respect to some of the less desirable loans and in the higher risk areas.

Farm mortgage money has been in good supply in 1955 and generally adequate funds are expected to be available in 1956. Competition between lenders appears to be somewhat keener in 1955 than a year ago and this highly competitive situation is likely to continue in 1956. Even so, lenders will continue to screen applications closely and will be alert to danger signals, particularly in areas that have experienced severe drought, severe price declines, and other adverse conditions.

On the whole, the outlook in 1956 is for continuation of the current cost-price squeeze and for some further reduction in net farm income. Farmers will be under pressure to enlarge their farming operations so as to maintain their incomes. This may encourage an expansion of debt incurred for purchase of farm real estate, machinery, and equipment. Small farmers, in particular, will continue to be in an unfavorable position unless they can expand operations.

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Farmer- Banker Luncheon

THE New Jersey Bankers Association's Committee on Agriculture expects over 400 farmers and bankers to attend its annual luncheon meeting at Trenton on January 26. Two outstanding speakers are featured on the luncheon program.

The first speaker will be Dr. Frank App, director of research at Seabrook Farming Corporation, Bridgeton, N. J., and one of the nation's leading agronomists. Dr. App's topic is "Opportunities and Objectives for New Jersey Agriculture."

"My Tour of Russia's Agriculture" is the title of the illustrated talk to be given by the luncheon's second speaker, Ferris Owen, vice-president of the Ohio Farm Bureau, Columbus, O. Mr. Owen was one of the 12 American farmers chosen to make 6-week tour of Soviet Russia during the summer of 1955. Mr. Owen's talk will center around a group of over 100 colored slides which he took while on the trip.

NAM

National Association of Manufacturers President Cola G. Parker (right) receives the organization's gavel from his predecessor, Henry G. Riter III. The new president of NAM was formerly president and chairman of Kimberly-Clark Corp. Mr. Riter is president of Thomas A. Edison, Inc.



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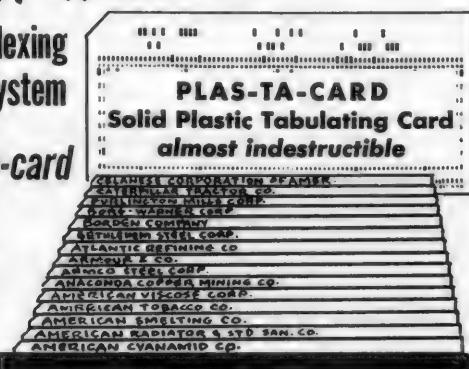


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Like any wise businessman, Mr. Ende placed his confidence in his bank, and naturally they made sure he was carrying American Express Travelers Cheques.

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*This name has been substituted for the real name of the person involved.



American Express Travelers Cheques

THE WORLD'S NUMBER-ONE MONEY SINCE 1891

News for Country Bankers

(CONTINUED FROM PAGE 70)

group effort in American agriculture; and (3) the continuing use of widespread and direct Government programs in American agriculture," said Dr. Tyrus R. Timm in an address on "The Changing Nature of American Agriculture" before the First National Bank of St. Louis' ninth annual Conference of Bank Correspondents.

Dr. Timm, who is head of the Department of Agricultural Economics and Sociology, Texas A & M College, pointed out that 60% of the farmer's "cost goes into buildings, gasoline, farm equipment, and that type of thing. Really, I think we give more attention than is deserved to labor because only about 15% of our farm costs go into farm labor."

Continuing, he said that as he sees "the over-all picture, prices of farm products, generally, will not change significantly in 1956 over 1955; neither will prices of things farmers buy. It appears, therefore, that we can't count on more favorable price relationships producing larger net farm and ranch incomes."

Farm Problems Study

DESPITE \$20-billion spent by the Federal Government in the past two decades for agricultural aid, our farm problems have not been solved and some of our current measures aimed at their solution are self-defeating and socially undesirable although others are constructive and useful. The existing program is an outgrowth of depression and war and must be revised and adapted to present and future conditions if it is to deal effectively with the compelling farm problems that face us.

These are among the major findings of a study and policy report entitled "Can We Solve the Farm Problem?: An Analysis of Federal Aid to Agriculture," issued by the Twentieth Century Fund.* The study itself was carried out by Murray R. Benedict, professor of Agricultural Economics, Giannini Foundation of Agricultural Economics, University of California. Policy recommendations which accompany the study were made by a distinguished com-

mittee of economists, farm leaders, and others.

Jesse W. Tapp, chairman of the board, Bank of America N.T. & S.A., and chairman of the A.B.A. Agricultural Commission, heads the Fund's Committee on Agricultural Policy. The committee's recommendations appear as the final chapter of the study.

* 330 W. 42 Street,
New York 36, N. Y.

Price Movement Disparity

"**M**ost industries since World War II have been relieved of the problems of excess capacity that plagued them during the late 1920s and throughout the 1930s; agriculture, however, still faces the problem of excess capacity and mounting surpluses," said Dr. Grover W. Ensley, staff director, Joint Committee on the Economic Report, U. S. Congress, before the 33d annual Agricultural Outlook Conference. "Production volume this year," he said, "is nearly 50% above prewar."

Dr. Ensley observed that "probably the most disturbing current fact which reflects the problems of agriculture is the disparity of price movements—the prices of things the farmer and all of us have to buy, on the one hand, and the prices of products the farmer has to sell on the other. Had farm prices not been declining in recent months we would be experiencing an alarming rise in general price indices. Wholesale prices of other than farm products and foods have advanced 3% in the past four months while, in the same

James P. Hickok, executive vice-president, First National Bank in St. Louis, and Dr. Tyrus R. Timm, head of Department of Agricultural Economics and Sociology, Texas A & M College, at First National's ninth annual Conference of Bank Correspondents



index, the price of farm products declined 7.2%, and processed foods declined 4.7%. We can claim general price stability only because of falling farm prices."

Continuing, Dr. Ensley said the "need for outlets abroad for our farm products has brought renewed interest in foreign trade. The Foreign Economic Policy Subcommittee of the Joint Economic Committee has just completed hearings on this subject. Perhaps the most pressing and the most troublesome of this country's immediate foreign trade problems concerns East-West relations. If we could use trade with the Communist bloc to break down the Iron Curtain and to undermine the drive of the Kremlin for political domination over other countries, we would have much to gain from such trade, politically as well as economically. But, if trade merely relieves the Kremlin of trying to meet civilian shortages and military stockpile requirements of food and fiber, so that it can devote increased energies to armaments and imperialism, then the free world must continue to control trade with the Iron Curtain countries. Unfortunately for domestic exporting industries, broad political considerations must govern United States actions in dealing with this problem."

Referring to the Joint Economic Committee studies of problems faced by low-income farm families, Dr. Ensley stated: "The President, the Department of Agriculture, and other Federal departments have recently made recommendations. Important bills providing comprehensive programs with Federal assistance for this important group are pending in the Congress. It is generally agreed that a balanced program should encourage industrial development within the area, stimulate out-migration to relieve population pressures, and technical assistance and credit to help farmers reorganize and enlarge their farming operations."

Farm Net Down 9% in '55

"**E**VEN with a rapidly expanding economy and high level of domestic demand, net income of U. S. farm operators from farming is running about \$1-billion, 9%, less in 1955 than in 1954," Lowell S. Hardin, agricultural economist of Purdue University, said in a recent

address on "The Outlook for Agriculture." "Total volume of farm marketings is up 1% in 1955 while prices have averaged 5% lower," he said.

Continuing, he said that "returns from farming are expected to decline further in 1956. Marketings will probably be up another 1% to 2%. Prices received will likely average 3% to 5% below average 1955 levels with little change in farming costs."

Mr. Hardin cautioned bankers that they must realize that "as agriculture changes, so also must the institutions which serve it change. In such a situation, alert credit institutions should stimulate and lead desirable changes in farming, not lag them."

Dairy Management Study

NEARLY 200 New England dairymen have learned first-hand that a few changes in the way dairy farms are run can mean a lot more income and milk production. Farmers recently took part in the cooperative New England Dairy Farm Management Project. In three years, after they began new management plans, average net yearly income of their farms went up by more than \$1,000. Milk production rose by 32%.

Almost all of New England's 25,000 dairy farmers have the opportunity to make this happen, say economists John D. Black of Harvard and Robert G. Wheeler, now of Michigan State.

In their report on the cooperative management project, of which Dr. Wheeler was director, they conclude:

"Individually, New England dairymen can become far more successful by only modest changes in the management of their farms; in the aggregate, New England dairying can become far more productive, with benefit both to the dairyman and the general public; to take advantage of technical advances, to meet competition from other areas, dairy farmers must make new management plans."

In their 300-page report, "Planning for Successful Dairying in New England," published by the Harvard University Press, they show how this has been done on typical New England dairy farms.

The management project began in 1946; participating were some 241



For eight years the Chester County (Penn.) Bankers Association has been investing nearly \$500 a year to encourage Future Farmers of America to practice conservation. This year, 20 boys received certificates of merit for outstanding accomplishments in the field of soil and water conservation; five boys will receive trips to the United States Department of Agriculture's Experiment Station at Beltsville, Md.; and three boys received a purse of \$50 as winners in the FFA conservation contest. *Left, above*, Norman MacMichael, president of the CCBA and executive vice-president, Phoenixville Trust Company, awarding the cash to first prize winner Henry Jankowski; second prize winner Harry Greist; and third prize winner Willis Hickman

representative farmers from 22 counties throughout New England. It was carried on as a cooperative study by Harvard and the agricultural colleges of the six state universities—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut. A series of grants from the Charles H. Hood Dairy Foundation of Boston helped support the work.

Forest Education in Sweden

IN an address on "Trees and Travel" before the Atlanta, Ga., Rotary Club, John A. Sibley, chairman of the board, Trust Company of Georgia, included some observations on forestry conservation as it is practiced in Sweden:

"Forests are a vital factor in the farm enterprise. The typical farm includes a woodlot much larger than the cultivated area, and in many instances the forest is the main source of cash income to the farmer.

"I visited a 400,000-acre forest domain . . . driving some 60 miles through the forest. . . . I was impressed with the fact that there was no waste anywhere, that full stands of trees were on the land, and every acre was well kept and conducive to maximum growth."

In telling about the Swedish system of forestry education, Mr. Sibley said:

"Through education the young

people in Sweden are taught the economic value of forestry to the country. They are also given technical training in the care and management of forests. The educational program is most comprehensive and reaches all classes of the people. . . .

"Compulsory four-month preparatory courses are given to all school children who wish to enter one of the higher types of schools. . . .

"In addition to the permanent schools, there are many courses offered, varying from two or three days to two months duration. . . . Aside from the educational effort being made by the state, many companies operating large forest domains offer practical courses in forestry for workers and the landowners.

"I visited one of these practical forestry schools. . . . A group of flaxen-haired, strong, young boys from 15 to 17 years of age was planting seedlings on one of the steep, rocky hillsides. . . . The thing that struck me with great force was the fact that in all probability not a boy engaged in that day's work would live to see any of the trees which he was planting come to maturity . . . and yet these boys were working diligently and almost enthusiastically to lay the foundation for wealth from which they would derive no personal benefits. They were passing on to another generation the fruits of their labor."



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October 31st, 1955

ASSETS

| | |
|---|-----------------|
| Cash on hand and due from banks and bankers | \$ 257,947,212 |
| Cheques and other items in transit, net | 181,759,604 |
| Government of Canada and Provincial Government Securities, not exceeding market value | 975,361,319 |
| Other securities, not exceeding market value | 239,198,556 |
| Call Loans | 76,514,237 |
| | <hr/> |
| | \$1,730,780,928 |
| Commercial and other loans | 928,971,060 |
| Mortgages and hypothecs insured under the National Housing Act, 1954 | 51,958,704 |
| Bank Premises | 26,680,293 |
| Customers' liability under acceptances, guarantees and letters of credit, as per contra | 55,910,373 |
| Other Assets | 1,872,706 |
| | <hr/> |
| | \$2,796,174,064 |

LIABILITIES

| | |
|---|-----------------|
| Deposits | \$2,591,326,311 |
| Acceptances, guarantees and letters of credit | 55,910,373 |
| Other Liabilities | 9,803,165 |
| Capital authorized—7,500,000 shares | |
| of \$10 each | \$75,000,000 |
| Capital paid-up | \$45,000,000 |
| Rest Account | 92,000,000 |
| Undivided Profits | 2,134,215 |
| | \$ 139,134,215 |
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| | \$2,796,174,064 |

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Home Branches: Tokyo, Yokohama, Nagoya, Osaka, Kobe & other main cities in Japan

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THE BANK OF TOKYO

Head Office: Nihombashi Tokyo, Japan

if it will do this . . .

Make Check Sorting
FASTER...
EASIER



BANK CHECK SORTER

For daily sorting in bank bookkeeping departments the Kohlhaas Bank Check Sorter will outperform any manual sorter on the market in *Speed, Ease-of-Operation and Accuracy*. Has all of the operator designed features for improved sorting efficiency. Available with Alphabetical and Name Guides to suit your requirement.

it's worth this . . . Write for
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Chicago 17, Ill.

The BANKER Turns COLUMNIST

(CONTINUED FROM PAGE 55)

terly publication and a locally conducted newspaper column. By including in the column an excerpt or two from *The Family Dollar*, and saying that copies are available on request, bankers can stimulate readership of the newspaper column, as well as the magazine.

Currently, more than 250 banks in 42 states are using the A.B.A. newspaper column as their local advertising program. Over 40 of these banks have followed the idea of injecting the local material suggested.

The bankers in these institutions have discovered some latent talent of their own, or among the people on their staff, for turning out the kind of material people will read and heed. More than 200 banks are now

using this column exactly as it is received in mat form. They expressed their appraisal of the column in various ways. Typical of bankers' opinions in many parts of the country are the following:

"We have used these ads, without change, for the most part, and they have evoked favorable comment."

"We believe this type of information is interesting to people and it serves to explain the workings of a bank."

Such a high percentage of banks asked for more advertisements in this columnar style that the series "Money and Banking in Everyday Living" will be continued by the A.B.A. Advertising Department for another 52 weeks.

The Jefferson, Iowa, column as it appears in the local paper. The "mail edition" of the "Home Bank Notes" is similar to a newspaper in format

Home Bank Notes . . .

We were looking at some old Home Bank ads the other day. "A Growing Bank" was one headline — and it detailed the growth in Home Bank deposits from \$194,387.20 on our first "call" statement to \$407,459.89 on the next June 29th.

The figures have changed a lot since that time, back in 1934 and 1935—but the ideas and the spirit that prevailed at the Home Bank then is still right here.

We can succeed only if we do business with folks who succeed. And that is why the Home Bank goes so far to help our customers. We DO want them to do well.

—HB—

There's a funny little point of the USA sticking up north in the Lake of the Woods region. Although it is not any long point, some three fourths of the people of CANADA live south of a line drawn through that point.

On the other hand, one fourth of the people in the USA live north of a line drawn through Canada's most southern point.

—HR—

gates, and your will and what have you.

Smart folks don't take unneeded chances. They use a safety deposit box. Do you?

—HB—

Henry Ford, out of his long experience, said: "Anyone who stops learning is old, whether he happens to be 20 or 80. Anyone who keeps on learning not only remains young, but becomes constantly more valuable".

—HB—

Short of your Home Bank check, the best way to send money to someone in another town is with a Home Bank Money Order. They are insured to \$10,000.00 per customer by the Federal Deposit Insurance Corp. They cost less too.

—HB—

"Sadder than the might have been is the go-getter who is sorry he gotter".

—HB—

Drop in whenever you need to come to the bank—and it is handy. But for a lot of things that'll come up on days when you are mighty

What's going on in St. Louis?

The Nation's hub celebrates its gift to future generations



BUILDING A RICHER FUTURE for its youngest citizens is a vital part of the recent St. Louis and St. Louis County bond issues.

1955 is delegated to history as the year Greater St. Louis, city and county, gave itself and future generations a \$150 million gift of civic improvement bond issues. The past months have witnessed the preliminary unwrapping of that gift: planning and doing—ever expanding and improving. Yet, this is but the beginning, for this gift will continue to multiply in the decades to come, fed by the dynamic spirit at work here in the Nation's hub.

Boatmen's, the Oldest Bank West of the Mississippi, is proud to be a part of this plan for the future, supplying wide-awake, modern service and economic know-how, and more than 108 years of banking experience to St. Louis business, industry and individuals.

Whatever your correspondent needs and problems in the busy, progress-minded St. Louis area, we invite you to consult Boatmen's.



The Boatmen's
NATIONAL BANK
OF SAINT LOUIS
BROADWAY & OLIVE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Oldest Bank West of the Mississippi



...because they went to their doctors in time

Many thousands of Americans are being cured of cancer every year. More and more people are going to their doctors *in time*. That is encouraging!

But the tragic fact, our doctors tell us, is that every third cancer death is a needless death... *twice* as many could be saved.

A great many cancers can be cured, but only if properly treated before they have begun to spread or "colonize" in other parts of the body.

YOUR BEST CANCER INSURANCE is (1) to see your doctor *every year* for a thorough checkup, no matter how *well* you may feel (2) to see your doctor *immediately* at the first sign of any one of the 7 danger signals that may mean cancer.

For a list of those life-saving warning signals and other facts of *life* about cancer, call the American Cancer Society office nearest you or simply write to "Cancer" in care of your local Post Office.

American Cancer Society



New Books

CREDIT MANUAL OF COMMERCIAL LAWS, 1956. National Association of Credit Men, New York. 659 pp. \$10. The many legal changes in state and Federal statutes are capsule in discussion by topic and recapitulations by states. The manual digests new credit handling procedures in mechanic's liens, bulk sales, trust receipts, chattel mortgages, assignment of accounts receivable, statutes of limitation, bad checks, conditional sales, factors' liens, legal interest rates to corporations, retail instalment sales, the use tax, bonds on public improvements, usury legislation, wage assignments.

INFORMATION PLEASE ALMANAC 1956. Macmillan, New York. \$2.25 cloth, \$1.00 paper. Here's the 10th edition containing five new features: an explanation of scientific and popular beliefs about weather; news maps and stories; the meaning of family names; recipes from famous steamship lines; and growth and trends in the U. S. There is also information about words, a guide to contract bridge systems, crossword puzzle guide, facts about government, economics and business, sports, etc.

MONTGOMERY'S FEDERAL TAXES. Ronald Press, New York. \$15. Edited by four partners and 22 associates of Lybrand, Ross Bros. & Montgomery, CPA firm, this 36th edition of an annual clarifies and interprets the full impact of Federal taxes on business organizations and the individual taxpayer. It explains the Revenue Code, Treasury regulations and rulings, and makes suggestions on ways of doing business for maximum tax protection.

PERSONAL ESTATE PLANNING IN A CHANGING WORLD. By *Rene A. Wormser*. Simon & Schuster, New York. 271 pp. \$3.95. The eighth revised edition of a book primarily for the layman, but useful to the lawyer, trust officer, accountant and insurance underwriter. The author is a member of the New York Bar.

GREAT ENTERPRISE. By *Herrymon Maurer*. Macmillan, New York. 296

pp. \$5. The growth and behavior of the big corporation, based on the study of 50 top companies.

MONOPOLY IN AMERICA. By *Walter Adams and Horace M. Gray*. Macmillan, New York. 217 pp. \$2.75. Subtitled "The Government as Promoter," this book points out how "the Government actually fosters monopoly, quasi-monopoly and imperfect competition by its policies." The authors demand that the Government "cease favoring the giants and take affirmative steps to develop a greater degree of competition."

JOB EVALUATION. By *E. Lanham*. McGraw-Hill, New York. 391 pp. \$6. Dr. Lanham, associate professor of management at the University of Texas, discusses principles, practices and procedures, and suggestions for desirable practice.

BUSINESS INFORMATION: HOW TO FIND AND USE IT. By *Marian C. Manley*. Harper, New York. 226 pp. \$5. "A basic guide to the varieties of available business information and services," by the business librarian of the Newark (N.J.) Public Library.

MEASURING BUSINESS CHANGES. By *Richard M. Snyder*. John Wiley, New York. 355 pp. \$7.95. A handbook describing and explaining more than 50 significant business indicators.

THE RAILROADS OF THE SOUTH: 1865-1900. By *John F. Stover*. University of North Carolina Press, Chapel Hill. 294 pp. \$5. This is "a study in finance and control" of the great carrier systems that were created in the 35 years following the war. The author is associate professor of history at Purdue University.

NEW HORIZONS IN BUSINESS. Harper, New York. 128 pp. \$3. Lectures at the New School for Social Research, New York City, by Lewis L. Lorwin, Paul M. Mazur, Julius Hirsch, Cuthbert C. Hurd, Leo Barnes, George L. Ridgeway, Benjamin Graham, and Martin R. Gainsbrugh.



UNITED FRUIT COMPANY

226th Consecutive Quarterly Dividend

A dividend of seventy-five cents per share on the capital stock of this Company has been declared payable Jan. 13, 1956, to shareholders of record Dec. 9, 1955.

EMERY N. LEONARD
Secretary and Treasurer
Boston, Mass., November 21, 1955

BRANDT COIN WRAPPERS

fully meet High Brandt Standards



Brandt made coin wrappers and bill straps fully meet the high standards established by the Brandt Automatic Cashier Co. for all of its products.

They are made of fine quality, tough Kraft paper and produced under rigid manufacturing specifications.

May we send you samples of our wrappers and quote prices? Write us or mail the coupon below.

BRANDT AUTOMATIC CASHIER CO.
Dept. P. G., 515-517 First Street
Watertown, Wisconsin

Gentlemen:

Please send us full particulars regarding your coin wrappers and bill straps.

Name.....

Street.....

City..... State.....

BRANDT AUTOMATIC CASHIER CO.
WATERTOWN *Established 1890* WISCONSIN

"Brandt" and "Cashier" registered United States Patent Office and Canadian Trade Marks Office

Mortgage Warehousing

(CONTINUED FROM PAGE 45) a number of factors, but the primary one is that the flow of funds into the mortgage market and the supply of available mortgages are imperfectly synchronized. In contrast with the general regularity and steadiness of incoming mortgage repayments available for reinvestment, new savings respond to seasonal variations as well as unpredictable influences. Also playing a role are the changing proportions of income that people may wish to save and new preferences for saving through various institutional channels. On the mortgage supply side, residential building has a seasonal pattern of its own, besides exhibiting long and pronounced "cyclical" fluctuations. Sudden events, such as the outbreak of war in Korea, also exert a profound effect on the mortgage supply.

The appetite for mortgages may temporarily slacken when institutions, in order to meet their forward commitments, are under pressure to sell securities at a discount in an unfavorable market. Under such circumstances, many savings institutions prefer to wait out the market for a better opportunity to sell, rather than to take immediate losses.

Clearly, there is a need for an evening-out mechanism to coordinate the demand with the supply of mortgages. Not long ago, beginning with Korea, savings banks in New York State were brimming over with funds and attempted to earmark future mortgages by commitments with originators on an unprecedented scale. In 1955, by contrast, the shoe was on the other foot, with housing starts and mortgages far outrunning savings readily in sight. Yet mortgage bankers, and savings institutions as well, wished to maintain their pipelines with the sources of mortgage supply. To accomplish this, they had to line up intermediate credit at commercial banks to tide these sources over the period of stringency. Unfortunately, this new bank credit for mortgage warehousing was superimposed on an already tight situation, to the point where the Federal Reserve authorities felt compelled to voice concern.

The effect of mortgage warehousing on the supply of money and

credit is not the responsibility of any state banking department. Its main concern is with sound lending practices, calculated to serve both the depositor and the borrower. What standards should bank supervisors and examiners apply in judging mortgage warehousing?

Opinions have repeatedly circulated in the press, often ascribed to various public and private bank officials, declaring that mortgage warehousing was an improper activity for commercial banks. The principal reason given has been the familiar argument that commercial banks have largely demand liabilities and, therefore, should stay out of long-term investments, especially mortgage lending. Modern practice, however, has tended to diminish this argument. This is not to say that the maturity of a bank's investments is unimportant. But no single type of lending can be criticized as inherently unsound merely because of extended terms, without other considerations in the balance.

When examiners in their visits to supervised institutions find new lending practices or departures from traditional avenues of credit, they are expected to give these their closest scrutiny. The examiners, after all, are the eyes and ears of the banking department and serve as a primary source of information to the superintendent. Such careful checking, however, by no means implies any criticism or any intimation that a new practice is unsound.

One of the principal factors checked by examiners in mortgage warehousing loans is the ability of mortgage institutions—whether the originator, intermediary, or permanent investor—to meet their commitments when due. A second consideration is the time period involved in warehousing credits. All other things being equal, the longer the interval between first placement of the mortgage with a commercial bank and take-out by the permanent investor, the more closely does the arrangement resemble outright purchase. In fact, warehousing loans must be viewed in the light of the entire maturity distribution of the bank's asset structure, the character of its deposits, and its capital position.

The amount of credit extended on the account of any one committing institution relative to its anticipated inflow of funds is another factor. In examining the savings institution, the department wants to make sure that there is no overinvestment or overcommitment in mortgages. The risks involved in warehousing are also weighed and the adequacy of special and general valuation reserves is considered. Marketability of mortgages is a factor. Finally, the various arrangements are evaluated as to technique, the selection, location, and appraisal of properties, servicing clauses, and all the other details that are expected to be found in managed institutions.

From all this, it would seem obvious that no hard and fast rules can be drawn to take in every variety of "warehouse lending." Each loan and each bank is judged on its merits. Management has wide discretion.

Conclusion

Mortgage warehousing conducted within proper and balanced limits can be of great benefit to everyone concerned: to the prospective home owner, the builder, the mortgage banker, the warehousing bank, and the permanent investor. The construction and financing of homes on the scale required by our expanding economy is so complex an undertaking that many sectors must participate in an orderly fashion. Further, there is a flow of savings funds from the "surplus" areas in the East to the "deficit" areas in the South and West in which the large New York City banks, with their extensive correspondent relations, play an important part. The warehousing facilities of these large banks give the mortgage market around the country easier access to the credit pool in the premier money center of the nation.

In summary, mortgage warehousing is a credit device that can even out the flow of funds going into residential construction while at the same time permitting savings institutions to plan their mortgage investments systematically. The examination standards applicable to this lending practice are fundamentally the same as used in judging other forms of bank credit. Seasoned bankers should experience no difficulty from supervisors in any reasonable conduct of this business.

IDEAS for READERS

A special service of BANKING'S Readers' Information Bureau

"Ideas for Readers" brings to bank executives each month news about advances in methods and machines. You are invited to send your inquiries for further information about the items covered here or any other methods and machines for simplification of bank operations to Readers' Information Bureau, Banking, 38 S. Dearborn St., Chicago 3, Ill.

New Heavy Duty Moistener Announced

Featuring a six-inch roller that is noiseless in operation and finished in smooth white porcelain, the No. 3 Ideal Major Moistener has been announced.

The noiseless operation of the wide-surfaced device is achieved through a special axle construction. It is equipped with nonmarking rubber feet to protect surfaces and weighs three pounds to insure stability and eliminate the possibility of upsetting.

The six-inch roller makes it possible to moisten wide-gummed tapes, large shipping labels and envelope flaps.

Manufactured by: Sengbusch Self-Closing Inkstand Co., 2245 W. Clybourn St., Milwaukee 3, Wisc.

Extra Capacity Plastic Binding Available

Plastico Ovals, a new and enlarged capacity bookbinding element, will bind pages up to one and one-half inches in thickness. The ovals also permit increased space for printing on book backbones and reduce the

size of the "belly" on the front of the bound book.

Wide back styles in any length or color come in three widths: 1 $\frac{1}{4}$ ", 1 $\frac{3}{8}$ ", and 1 $\frac{1}{2}$ ". All books thus bound open flat at any page.

Complete information from: Plastic Binding Corp., 732 S. Sherman St., Chicago 5, Ill.

General Purpose Computer for Smaller Banks

An electronic computer, the Readix, is a medium-speed, low-cost machine for data processing by smaller and medium-sized banks.

Featuring physical design said to keep maintenance problems at a minimum, the Readix has an automatic floating decimal point operating technique which speeds up programming by reducing the number of commands the computer must follow to complete a problem. Output data can be reproduced in several forms, including typed or punched tape, punched cards, or magnetic tape.

Descriptive material available from the manufacturer: J. B. Rea



Company, 1723 Cloverfield Blvd., Santa Monica, Calif.

Postmark Advertising Explained in Guide

Picturing scores of adaptations of postmark advertising for every purpose, the Pitney-Bowes *Guide to Postmark Advertising* explains the use of this medium which now carries ads on nine million letters and packages a year.

The guide covers the subject in its entirety from the advantages of the use of metered mail, through the preparation of a large variety of messages, to a report on the success of this type of advertising, and other valuable data.

Available from: Pitney-Bowes, Inc., Stamford, Conn.

Check Sorting System For Payroll Firms

A new check sorting system, developed by the American Lithofold Corporation, is especially suited for continuous payroll forms using tabulating machines.

As the checks come off the tabulating machine, they are broken apart and stacked in numerical sequence. Each group of 40 checks is matched to a page on a pre-numbered payroll register sheet.

After checks are cleared and returned to the company, they are matched with a needle, feature of the system, saving many hours of work each month. "Needle Sort Forms" of the system are adaptable to any continuous payroll check.

Complete information from: American Lithofold Corp., 500 Bittner St., St. Louis, Mo.

OPEN THE WAY TO MORE BUSINESS— WITH NO-COST ADVERTISING!



- *Coin-Saver books are designed to be sold, thereby liquidating your investment completely.*
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- *Coin books appeal to the youngster and keep your name before the ADULT!*

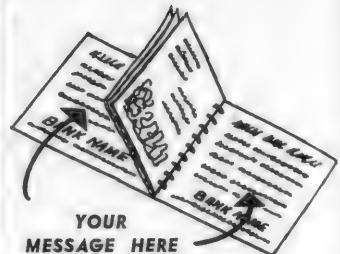
Each of four different Coin books tells a fascinating narrative based on thrift. Beautiful 4-color printing throughout. Quality varnished covers, first grade board pages die-cut for coin insertion. Durable metal binding permits book to lie flat.

Hundreds of banks and other financial institutions have and still use the Coin books as an important part of their advertising program. This is a promotional business-builder which is impossible to beat! Send your order today for production and shipment in time for Christmas distribution. If you want to convince yourself . . . write for FREE sample.

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1001—2000 . . . 33¢ ea.
2001—3000 . . . 32¢ ea.
3001—5000 . . . 30¢ ea.
over 5000—
price on request

FINANCIAL SALES PROMOTIONS Inc.

95 MORTON STREET • NEW YORK 14, N. Y. • WAtkins 4-8377



Your name and message are printed on BOTH inside covers—AT NO EXTRA COST! You may use the suggested copy if you wish or make what changes you find necessary.

OLD-NICK-IN-A-BOX



Santa in a chimney Coin Box is a novel, low-cost Xmas item. Prices include name and message on back.

1000-5000 . . . \$26.00 per m
5001-10,000 . . . 24.50 per m
10,001-25,000 . . . 23.50 per m

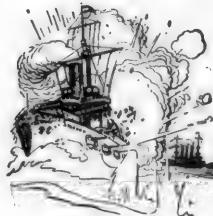
Orders also taken for Xmas 1956.

BANKING'S LIST OF ADVERTISERS

January 1956

| | | | | | |
|---|--------------|---|-----------|--|---------------|
| Abbott Coin Counter Company | 11 | Epsen Lithographing Company | 126 | National Cash Register Company, The | 110, Cover IV |
| Abbott Laboratories | 118 | | | National City Bank of Cleveland, The | 12 |
| Allis-Chalmers Manufacturing Company | 13 | | | | |
| American Appraisal Company, The | 94 | | | Old Republic Life Insurance Company | 112 |
| American Bankers Association | 79, 87 | Federal Life and Casualty Company | Cover II | Pense Woodwork Company, The | 15 |
| American Cancer Society | 144 | Financial Sales Promotions, Inc. | 148 | Philadelphia National Bank, The | 32 |
| American Express Company | 138 | First National Bank of Arizona | 126 | Pittsburgh Plate Glass Company | 25 |
| American Security & Trust Company | 132 | First National Bank of Chicago, The | 117 | Polk & Co., R. L. | 136 |
| American Sign and Indicator Corporation | 105 | First National City Bank of New York, The | 134, 135 | | |
| American Surety Company | 74 | Flowers of Hawaii | 126 | Ralston Purina Company | 71 |
| American Telephone & Telegraph Company | 5 | Foremost Insurance Company | 12 | Rand McNally & Company | 111 |
| Ames Safety Envelope Company | 94 | Fuji Bank Limited, The | 4 | Recordak Corporation (Subsidiary of Eastman Kodak Company) | 62, 63 |
| Banco Comercial Antioqueno | 104 | General Precision Laboratory, Incorporated | 7 | Remington Rand, Inc. (Division of Sperry Rand Corporation) | 103 |
| Banco de Credito del Peru | 102 | Hammermill Paper Company | Cover III | Republic National Bank of Dallas | 107 |
| Bank Building & Equipment Corporation of America | 8, 9 | Hartford Fire Insurance Company | | Royal McBee Corporation | 29 |
| Bankers Trust Company | 131 | Hartford Accident & Indemnity Company | 26 | | |
| BANKING | 152 | Hartford Livestock Insurance Company | | School Thrift, Inc. | 17 |
| Bank of Montreal | 141 | Home Insurance Company, The | 20 | Seudder Stevens & Clark Fund, Inc. | 132 |
| Bank of Nova Scotia, The | 108 | Interchemical Corporation (Ault & Wilborg Carbon and Ribbon Division) | 124, 125 | Stockton, Whatley, Davin & Company | 100 |
| Bank of Tokyo, The | 142 | Kennedy Sinalaire, Inc. | 144 | ThriftiCheck Service Corporation | 28 |
| Boatmen's National Bank of St. Louis, The | 143 | Kohlihaas Company, The | 142 | Toronto-Dominion Bank, The | 95 |
| Brands Automatic Cashier Company | 27, 145 | LaMonte & Son, George | 2 | | |
| Burroughs Corporation | 90, 120, 121 | Lawrence Warehouse Company | 133 | Union Pacific Railroad | 6 |
| Canadian Bank of Commerce, The | 128 | LeFebvre Corporation | 127 | United Fruit Company | 145 |
| Chase Manhattan Bank, The | 10 | Lloyd Thomas Company, The | 4 | United States Bronze Sign Company, Inc. | 16 |
| Christmas Club, A Corporation | 123 | Massachusetts Investors Trust | 118 | United States Fidelity & Guaranty Company | 151 |
| Chrysler Corporation (Airtemp Division) | 23 | Metalcraft, Inc. | 102 | United States Treasury | 149 |
| City National Bank and Trust Company of Chicago | 132 | Metal Products Engineering, Inc. | 22 | | |
| Colorado Insurance Group | 92 | Metropolitan Oakland Area | 21 | Valley National Bank, Phoenix | 16 |
| Commerce Clearing House, Inc. | 73 | Mobile Home Agency, Inc. | 118 | Wassell Organization, Inc. | 137 |
| Continental Bank and Trust Company of Salt Lake City, The | 75 | Mosler Safe Company, The | 109 | Watson Manufacturing Company, Inc. | 113 |
| Continental Illinois National Bank and Trust Company of Chicago | 31 | | | | |
| Crown Zellerbach Corporation | 115 | | | | |
| Curtis 1000 Inc. | 101 | | | | |
| Curtis Lighting, Inc. | 119 | | | | |
| Delbridge Calculating Systems, Inc. | 97 | | | | |
| DeLUXO Check Printers, Inc. | 22 | | | | |
| Downey Company, The C. L. | 137 | | | | |

"Those poor devils are dying"



MUSTACHIOED, bulky and calm, Jack Philip stood on the bridge of the U.S.S. *Texas*, watching his gunners pour fire into the Spanish men-of-war fleeing Santiago harbor.

Only a few days before, another American ship had accidentally fired at the *Texas*. Philip had responded by signalling: "Thanks, good line, but a little over."

Now enemy shells were whistling over his head from desperate vessels doomed to destruction. As the *Texas* raced past the flaming, riddled *Vizcaya*, that Spanish battleship exploded.

Instantly, a great victorious shout sprang up on the *Texas*. But Captain Philip quickly silenced it:

"Don't cheer, men; those poor devils are dying."

A bold captain who ran a happy ship, Jack Philip was already something of a friendly hero to his men. But this one sentence, more than all his bravery, made him a hero of the Spanish-American War to millions of Americans.

For Americans prize gallantry. Gallantry is part of the great heritage — part of the strength — of the American people. And today, it is this strength — the strength of 165 million Americans — which forms the real guarantee behind one of the world's finest investments: United States Series E Savings Bonds.

That's why it's such a good idea for any American to buy Savings Bonds regularly and hold on to them. Start today!



★ ★ ★

It's actually easy to save money — when you buy Series E Savings Bonds through the automatic Payroll Savings Plan where you work! You just sign an application at your pay office; after that your saving is done for you. The Bonds you receive will pay you interest at the rate of 3% per year, compounded semiannually, when held to maturity. And after maturity they go on earning 10 years more. Join the Plan today. Or invest in Savings Bonds regularly where you bank.

Safe as America — U.S. Savings Bonds



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The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

lishers interested in the home building and equipment field.

Bankers are a key factor in this year-long promotional effort. Banks are conscious of the importance of maintaining a home in good repair, of making needed alterations and improvements and providing the credit to do these things. This is a good investment when properly planned and carefully financed.

Anything which makes a contribution to the public welfare and to the community advancement is good for banking. It is banking's responsibility to assist the homeowner in making sound expenditures and to discourage financing which does not meet these conditions.

The homeowner has a responsibility also. He should be sure that he gets full value for the money, and when borrowing he should make certain that the financing costs are arranged on reasonable terms.

U. S. Chamber Survey

In a yearend look at the business future, sponsored by the United States Chamber of Commerce, it was the overwhelming belief of spokesmen for some 15 separate trade associations that business in 1956 will continue to be strong.

Some brief highlights of this discussion are:

Railroad capital expenditures may exceed those of 1955 by as much as 20%. The rail carriers will enter the new year with orders for about 140,000 new freight cars, to cost \$1-billion.

Highway truckers, who in 1955 spent an estimated \$2.5-billion for new equipment, 12.5% over 1954, expect to spend about \$3-billion in 1956, the buying to be divided evenly between replacements and additions.

Present indications are that 1956 will roll up another all-time record of new construction activity, a story that has now been repeated every year for 10 years. A spokesman for the Associated General Contractors of America expressed the opinion that the officially estimated rise of 5% to \$44-billion for the total of new construction in 1956 "is on the conservative side."

Department stores and specialty stores expect sales volume to rise in 1956 by at least 5%, and many would guess as high as 10%.

Retail furniture stores expect 1956 to be their second-best year, but are worried about profit margins.

Retail grocers "conservatively" expect to build at least 10,000 new stores during the year, or 2,700 more stores than they constructed and opened in 1955. Furthermore, their capital investment in food-store equipment and machinery will again be heavy in 1956—in some categories double.

Electrical manufacturers expect 1955 to show dollar shipments 10% above 1954—a new high level—and look forward to shipments for 1956 topping 1955 by 7½%.

Meat processors established a production for 1955 of an estimated 26.8-billion pounds and believe that 1956 will reach a production of 27.3-billion.

Food chain stores believe they will do a 4.3% greater business in 1956 on the basis of existing units, but

there will be a number of new stores and supermarkets coming into the trade in 1956 which will boost sales 10% for the food chain industry.

One industry which was not altogether sanguine was the retail farm equipment business. It expects that dealers will have to emphasize to a greater extent reconditioning of used farm equipment, and believes that farm equipment manufacturers will have to absorb higher wage and steel costs to avoid price rises.

Consumer Credit

The developments in the market for automobiles continue to raise questions in the minds of lenders. At the present rate of output, an inventory of 800,000 new cars is highly probable by the year's end. Competitive prices, pricing policies, the padding of trade-in allowances to make a sale, and other such sales tactics leave the matters of prices paid, and of the true value of equity, somewhat in the air. The Instalment Credit Commission of the American Bankers Association has recently urged banks to limit their financing of automobiles at retail to 90% to 95% of the dealer's true cost. Some bankers feel the industry is selling cars today that they'll be wishing they could sell next fall.

The same is true to some extent in the area of housing and home improvement. Banks will watch the actions of the monetary authorities and be guided largely thereby. The most important news out of the Sparkman Committee hearings on housing was the testimony by Undersecretary Burgess and Reserve Board Chairman Martin that if business showed signs of further speculative expansion there would be no hesitancy in applying further curbs on credit.

Inflationary Pressures

With almost full employment, a new and aggressive unity on the labor front, several hundred contracts providing for wage hikes this year, personal incomes and gross national product at records and rising, and inventories expanding faster than sales, prices lately have been creeping up. But for the drop in farm prices, this movement would be more evident in the cost-of-living charts.

Recently Secretary Humphrey pointed out that the value of the dollar had been held almost steady for 2½ years.

"We regard inflation," he said, "as a public enemy of the worst type, but we have not hesitated either to ease or restrict the basis of credit when and as indicated. Under the new cooperation in this Administration between the Treasury and Federal Reserve, the full force of monetary policy has been made effective more promptly than ever before in the nation's history to respond better to natural demands."

There is a race between tax cuts and a balanced budget, but, with the national election coming next fall, tax cuts are favored to win.

At this period of greatest prosperity which, says Secretary Humphrey, "makes pale any other in the long history of man's efforts to achieve a better life," the direct debt of the Federal Government is equivalent to the value of all land, buildings, mines, machinery, livestock, and everything of tangible worth in the country.

We are still mortgaged to the hilt.

WILLIAM R. KUHNS

BANKING



Policy
reher
Liabil
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ABA Standard Form Bank Burglary and Robbery
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• Automobile • Bankers' and Brokers' Blanket
• Builders' Risk • Business Interruption • Bus
Combination Safe Depository • Comprehen
Dishonesty, Disappearance and Destruction
• Comprehensive Dwelling Policy • Compre
ensive General and Automobile Liability
• Comprehensive General Liability • Compre
personal Liability • Contractors' Equipmen
• Depositors' Forgery • Druggists' Liability
thquake • Employers' Liability • Explosion •
ensive Personal Liability • Fire and Lightning •
Homeowners' "A", "B" and "C" • Householder
Welders' Block • Jewelry Fur Floater • License
Manufacturers' and Employers' Liability • Mercant
Mobile Robbery and Safe Burglary • Money an
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ster Robbery • Personal Property Floate
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Supply
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*Consult your insurance
agent or broker as
you would your
doctor or lawyer*

U.S.F.&G.

CASUALTY-FIRE-MARINE INSURANCE
FIDELITY-SURETY BONDS

United States Fidelity & Guaranty Co., Baltimore 3, Md. • Fidelity Insurance Co. of Canada,
Toronto • Fidelity & Guaranty Insurance Underwriters, Inc., Baltimore 3, Md.

for years... BANKING

...has had a TAKE-HOME flavor

In 1956 . . . Home Improvement Year . . .
BANKING will have a TAKE-HOME Section,
THE FAMILY DOLLAR, included with this issue
and with March, June, September and December

THE FAMILY DOLLAR *is for families . . . for bankers' families, too!*

CONTENTS

Lively, easy-to-read aids to wise spending, saving, investing and better living—banking's own prescription for financial health

PRECISION TOOL

TO BUILD BUSINESS AND GOOD WILL

For distribution to customers with your bank's name on the front cover and your choice of 22 A.B.A. ads for the back cover of any quarterly issue

SEND FOR FREE KIT! *Get all the information, including our point-of-sale controlled circulation plan making this an extremely efficient and economical selling tool*

AMERICAN BANKERS ASSOCIATION

12 E. 36th St., New York 16, N. Y.

The Family Dollar

JANUARY 1956

| | | | | | | |
|----|----|--|---------------------------------|----|------------------------------------|--|
| | 2 | 3 See Doc Smith for checkup | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 income tax report tomorrow |
| 15 | 16 | 17 | 18 See Bank re new garage | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 Grace's Mother's birthday | 28 |
| 29 | 30 | 31 Make deposit to savings account | see next two pages for . . . | | | |

The Wallet and the Calendar

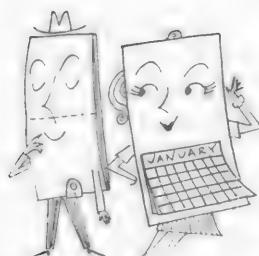
FEBRUARY 1956

| | | | | |
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| | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 Jim's birthday | 18 Dick Erickson | 19 |

Va
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Day

The Wallet and the

***The time has come, the Wallet said,
To talk of many things,
Of dollars, dues, and days of yore
And Calendars I've met before.***



SURE, and it's about time! You should know each other better. How about a date? Don't just stand there! Better get together. It'll save you time, money and the worry of waking up at night thinking . . . hmmmm! mother-in-law's birthday WAS last Tuesday.

Time and Money

How to live on 24 hours a day or 365 days a year (366 days this year), can be a bigger problem than making financial ends meet; the two are closely related. Early each year it helps to mark down plainly all the "money days" you can think of, like these:

| | |
|---------------------|----------------------|
| Interest payments | Contributions |
| Tax payments | Insurance premiums |
| Birthdays | Anniversaries |
| Instalment payments | Dues |
| Mother's Day | Father's Day |
| Valentine's Day | Savings deposit days |
| Expected babies | Health checkups |
| Car checkups | Vacations |

Christmas, Easter and the big holidays belong to everybody and they're already on your calendar. It's those special "money days" of your own that should be noted on your personal calendar. Relieve yourself of the burden of remembering and the cost of forgetting.

Home Improvement

For example, this is home improvement year. You'll be hearing more than usual all through 1956 about roofing, insulation, landscaping, wall paneling, new kitchens and bathrooms, lighting, air conditioning, additional rooms, and all the things related to better living.

The reason is that leading manufacturers of building materials and all the big magazines with pretty advertising will devote a large amount of space to the subject of home improvement, starting about now.

A large proportion of expenditures for this purpose will be financed through banks provided, of course, the costs add to the value and utility of the home and are within the buyer's ability to pay.

• •

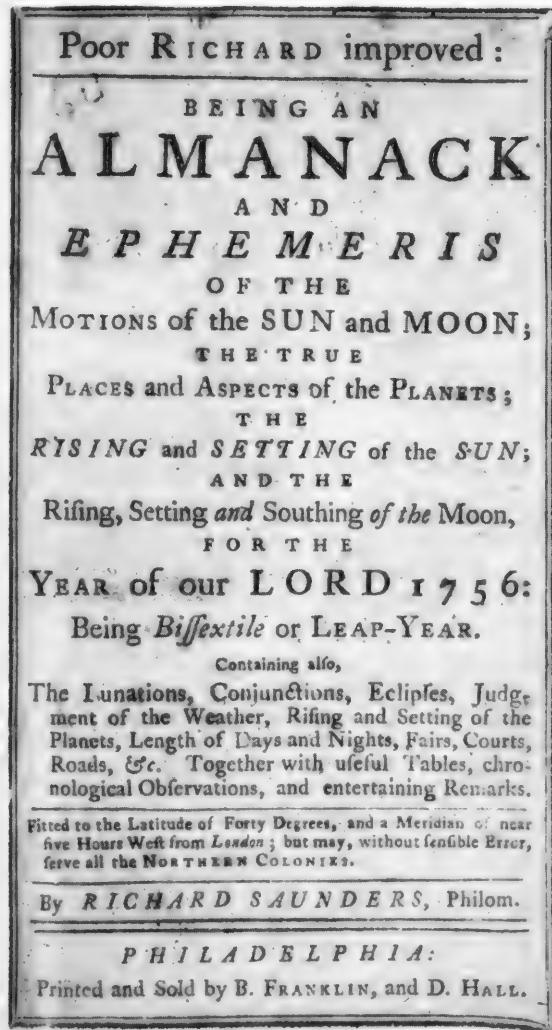
That's where the Wallet meets the Calendar because it is important to plan spending, borrowing, and repaying on a systematic basis to avoid collisions and dollar traffic jams at certain seasons.

• •

Time is money and vice versa. That's a proverb found in every language. Accord-

the Calendar

ing to Arnold Bennett who made a famous study of the subject, money is far commoner than time. Strange, he observed, that publications contain so much about how to live on a given income of money and so little on how to live on a given income of time.



Just for You

You wake up in the morning, he wrote, and lo! your purse is magically filled with 24 hours of the unmanufactured tissue of your life. No one can take it from you. It is unstealable. And no one receives any more or less than you receive. Waste your infinitely precious commodity as much as you will and the supply will never be withheld from you. You can't draw on the future. Impossible to get into debt. You can waste only the passing moment. You can't waste tomorrow. It's kept for you. You can't waste the next hour. It's kept for you.

Father of Thrift

Benjamin Franklin, the nation's symbol of foresighted saving of both time and money, was born 250 years ago this very month. The anniversary of this most versatile of all Americans is being commemorated by schools and civic organizations throughout the land with appropriate honors for the father of thrift and the creator of Poor Richard's Almanack.

When this extraordinary philosopher, inventor, teacher and various other things, was printing almanacs and preaching prudence, thrift, wisdom and social morality, an almanac was not just something to hang back of the door. It was a financial road-map, a guide to better living, and a friendly companion as a good calendar should be. Franklin knew how to live on 24 hours a day and every day of the year.

—W. R. K.

(Left) Facsimile of Poor Richard's ALMANACK which appeared exactly 200 years ago, the issue of January, 1756

The Case of the Middle-Aged House

ISUBSCRIBE to nearly every home building, remodeling and decorating magazine published. Until recently, Henry instinctively knew when the latest batch of magazines had arrived because thereafter I went around appraising our forty-year-old, seven-room frame house with a critical eye. When compared to the homes pictured in magazines, I found it, to put it mildly, lacking in many respects. After watching this kind of thing for some time, he began to read the magazines in self-defense. He read articles like "Does Your House Meet Your Family's Needs?" "Remodeling an Old House vs. Building a New One," and "Bring Your Kitchen up to Date." Finally, he had to admit that our gray-shingled nest left much to be desired.

As we became more dissatisfied with our abode, we agreed the best solution was to sell it and build a new one. We found a plan and investigated costs of building. Our rosy dreams of uncracked plaster and weather-tight windows, an efficient heating system and modern bathrooms lasted until we found the new house would cost twice the market value of our present one.

Our Best Bet—Remodeling

After much thought and discussion, we came to the conclusion that we would be better off if we remodeled our home. There were many things we liked about it, and with sensible remodeling it could be much like the one of our dreams. So we kept the house, complete with drafts, temperamental furnace, and ancient kitchen. The compensations were large rooms, a good basic floor plan, plenty of space, convenient location, nice lawns, trees and garden.

Now we studied articles about remodeling and modernizing. We visualized the house as it could look, and made lists of ways to make it more convenient, attractive, and livable. My list included painting throughout, new cabinets, appliances, linoleum and lighting in the kitchen, a downstairs lavatory,

by Anne Thomas

refinished floors, new bathroom fixtures, and screening for the side porch, besides rugs, draperies, and a few pieces of furniture! My better half listed storm windows, more base plugs, exterior painting, a new back porch, paving for the driveway, attic insulation, and a basement workshop and playroom.

Only Important Improvements Decided On

When we added up estimated costs of these things, we found the total was almost as much as the new house would have cost. We *had* to cut down! We decided which projects were most immediately necessary. The others could be postponed until time and funds were available, and done in the order in which they would increase our pleasure in living in the house, its convenience, appearance, and total value.

The kitchen was the most out-dated and unattractive feature. We agreed that modernizing it was most important, for it would benefit the entire family and add greatly to the value of the house. I felt that refinishing the floors and painting were vital, even if we couldn't replace rugs and draperies. My husband voted for painting the outside and putting in base plugs, and he believed storm windows and insulation would be wise investments since they would decrease heating costs and make the house more comfortable.

Carpenters, painters, electricians and plumbers were called in to give us cost estimates. Still the total was beyond our means, so we decided to tackle some of the projects ourselves to save labor costs. We could do the inside painting, and since the exterior is weathered gray shingle which doesn't require paint, we could also do the shutters and trim ourselves. A



friend who was once an electrician offered to help put in base plugs. We found we could rent floorsanding equipment inexpensively. That cut proposed expenditures to a new *kitchen, insulation, storm windows, and materials* for the *do-it-ourselves projects*. Now total costs were within the realm of possibility for us.

Banker Gave Sound Advice

Armed with plans and estimates, we went to see our banker about financing. He advised us to *use as much as we could of our savings and to supplement this with a property-improvement loan*. We found we could borrow enough to take care of everything at low interest rates. We totaled our average monthly expenses and decided how much we could afford to repay each month. The loan was quickly arranged, and we had an immediate fund with which to start remodeling.

We are glad we took our banker's advice. Our property-improvement loan is much more satisfactory than waiting until we had saved enough cash, for that time might never come; it is less expensive, in the long run, than buying on instalment or using credit plans; we know in advance just how much our monthly payment will be and can plan accordingly; and most of our savings and securities have not been touched.

When the loan is repaid, we plan to take out another one in order to finance more of our projects—the *downstairs lavatory, the basement workshop and playroom, screens for the porch*.

Will the house that we finally achieve by remodeling be as satisfying to us as the one we might have built? We think so. It will take careful planning, and large amounts of perseverance, hard work and money. But when we are finished we will have a home with the charm, graciousness and individuality found only in old houses, plus many of the modern convenience features.

It Takes a Heap of Livin' to Make It Home

PLAYLET—One Act, One Scene

PLACE—Any Bank

TIME—Any Day

CAST—Mr. James, the banker

Mr. and Mrs. Marsh, the customers

TYPICAL OF THE THOUSANDS of homeowners who will be going to their banks for advice as well as cash is this scene between Mr. James, a bank loan officer, and two of his bank's customers, Mr. and Mrs. Marsh. They have come to their bank to discuss a loan to make possible the installation of a new heating system in their home. Mr. Marsh has seen a good deal of advertising about the "Apex" furnace, but he'd like to *talk* to someone who has one. He is wondering how he can get the names of such people.

Mr. James: Your dealer will be glad to give you the names of satisfied customers. An established, successful dealer will be able to supply such references, and will be glad to do so. But, if a dealer tells you that he will pay you for referring your friends to him, be suspicious. It's probably not out of line if he gives you merchandise or cash in some such amount as \$5 for referring to him a customer he sells, but larger amounts mean only that the price your friend pays is going to be inflated and that what you buy is overpriced, too.

Mrs. Marsh: Can we get any information on our dealer before we buy from him?

Mr. James: Yes, indeed, Mrs. Marsh. You can judge the dealer by his bank or finance company. We can assure you that banks exercise all possible precautions to see that dealers sell ethically and work honestly. If you're still in doubt, ask the bank what it thinks of the dealer.

(Mr. Marsh pulls out a dealer ad which features the "guarantee" the dealer offers with all the equipment he sells. Mr. Marsh hands this ad to Mr. James.)

Mr. Marsh: Well, what about guarantees? If the dealer gives us a guarantee do we need to worry? He'd have to make good on any faulty equipment, wouldn't he?

Mr. James: I'm glad you brought that up. There's so much misunderstanding on that subject. No bank can or will guarantee that a job will be done to your satisfaction. Only the dealer can guarantee his work. Be sure, however, that the dealer's guarantee will be made good. Don't hesitate to ask questions about how good your dealer's guarantee will be if you need to call on him. And ask questions of some disinterested party such as your banker.

There are two words I should like to emphasize: *inspect, read*. Let me explain how important it is that you inspect your equipment and its installation before you accept it. If the inspection can't be made right away—as in a roof replacement or repair—be certain to do it at the earliest possible moment. If any defect or failure is apparent be sure to find at the same time whether anything else needs adjustment. Both you and your dealer will be far better off to make all adjustments at the same time. Do not accept a job until you are satisfied that you have thoroughly inspected it under normal working conditions. Then there's the other warning signal: *read*. Don't sign blank papers. Don't believe assurances that your signature does not mean anything. Don't sign without understanding what you are signing. If the printing or writing says anything about your accepting the job "as completed," that will release the bank of any responsibility. Incidentally, the signature on a Completion Certificate is an added protection given you by most banks on home improvements only. In the case of other purchases, and sometimes of home improvements, your acceptance of delivery and installation is enough to release the bank from responsibility for the work.

n' in a House

and—well,

pull up a chair!

Mrs. Marsh: Thank you, Mr. James. You've been most helpful. There's just one other problem I'd like your advice on. My husband thinks we ought to make as large a downpayment as possible and pay off our loan as quickly as possible. I'd rather make a smaller payment and take longer to pay our loan. That way we'd be paying much less every month and keeping more cash on hand. So I can't see how we'd lose out. But my husband says we'd save money in the end, if we did it his way. Who's right, Mr. James?

Mr. James: I hope you will not think me ungallant, Mrs. Marsh, when I tell you that I agree with your husband! The mistake you make, Mrs. Marsh, is not uncommon. Many people pay too much attention to the so-called "small" monthly payment and then find out they are going to pay for many more months than they realized. You won't make the finance charge any smaller by refusing to face the amount. Even though this charge is spread over many months, the total amount you pay for financing is just as real as the money you pay for anything else you buy. For example, payments spread over 60 months usually cost at least twice as much as payments spread over only 36 months. The longer the term over which your payments are spread, the more finance charge is included in every payment. Generally speaking, payments spread over more than 36 months are at a higher rate for every one of those payments than for shorter terms. Agree on as large a payment as you can comfortably make; it will save you money in finance charges.

Mrs. Marsh: Thank you, Mr. James. As a mere woman I shall have to yield to a man's wisdom! I think that covers all the questions we wanted to ask you. Now we can begin discussing business.

HOME IMPROVEMENT! 1956 the year to **FIX! MODERNIZATION!** These are the slogans that will be popularized all over the country this year. Leading national publications, as well as industries that supply home building and equipment, will be pounding away at this subject with millions of words and millions of dollars in advertising.

Banks have a vital interest in this **OPERATION HOME IMPROVEMENT** program. Their interest is different, however, from that of manufacturers and dealers. The latter want to sell—lumber, steel, new kitchens, heating systems, air conditioning, roofing—anything, in short, that is needed for home improvement.

Banks want to make certain that people get their money's worth and that the improvements actually add to the value and usefulness of the home. Equally important, banks do not want to see their customers carried away by overconfidence and enthusiasm in their remodeling plans. Loans that are too large can change a homeowner's joy to worry and despair.

The amount of business to be generated by this huge promotion is estimated anywhere from \$10-billion to \$15-billion. A great deal of it will be financed by bank loans.

Mr. James: Just one final word of caution. The protection of your money is, in the final analysis, the duty of one person in the world: **Y O U**. Don't expect any government agency or any bank to do it for you. You must take reasonable precautions to protect yourself. Be sure the items you buy are useful, worth what they cost and are properly installed or serviced.



"Dream House! What do you eat before going to bed?"

A Slight Case of Hindsight

THE LITTLE LADY here is having a first experience on skates. Note the emphasis is on hindsight. She has confidence but little protection—and that's all one-sided.

WE ALL HAVE PLENTY of hindsight. You've heard . . . "Oh, if only I'd saved some money!"

PEOPLE WITH FORESIGHT use their banks intelligently; they bank their savings, they consult, they protect their property. These are the really confident skaters—they're cushioned for falls.

Foresight in Saving Money Means Banking It!

HERE'S WHAT YOU GET
WHEN YOU BANK
IT HERE

Safety

Your money on deposit here is safeguarded by sound management and protected by laws, regulations and examinations

Convenience

Our location affords you convenience plus a wide variety of banking services—all centralized under one roof

Security

The dollars you deposit here regularly earn interest—and the earned interest added regularly earns more interest

Earnings

Systematic saving here builds up a reserve fund for your use in emergencies . . . a fund that's always at your service in times of need

We Invite You to Open a Savings Account with Us



FAMILY DOLLAR NEWS

So You're Going to Retire—You Think!

There are about 14,000,000 persons in the United States aged 65 or over. By 1975 the Census Bureau estimates there will be 20,700,000, or 10% of the population.

Life expectancy is also increasing. A man aged 65 can look forward to at least 12.4 years of life, and his wife, at the same age, can expect to live 14 to 15 years. We are all getting older, all right, but are we growing up financially?

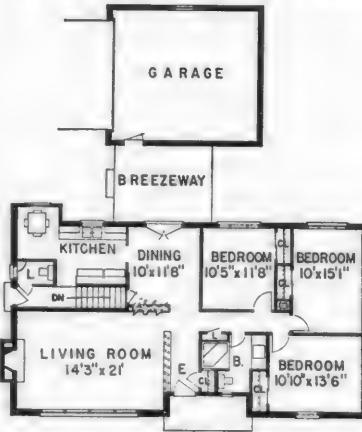
The great majority cannot afford to retire. The main reasons are lack of planning, higher living costs and higher taxes.

In spite of personal savings and pensions the fact remains that 4,000,000 persons of 65 and over must work to provide their main source of income. Another 2,600,000 elderly men and women are receiving some kind of public assistance.

"I'd like to have a retirement plan where I can start saving money now and by the time I'm old enough to work I won't have to work"



HOME SAFE HOME



A HOME of safety, designed to eliminate most of the hazards which kill 28,000 Americans a year, was built recently in Cleveland by DiCarlo Mason & Co.

The three-bedroom home has 66 separate safety features, the result of research by the Ohio and the National Safety Councils, and the National Association of Home Builders.

There are no steep grades around the 28'x51' house. The rough-finished sidewalk ramp to the front door eliminates need for steps. Entrances are illuminated by flood lights.

The driveway was designed for a turn-around, so the owner may drive forward when leaving as well as entering. No landscaping blocks his view of the street.

Safety Features Inside

The basement stairway is provided with handrails on both sides at a height of 32", and has nonskid treads. Headroom on the stairs is never less than 6'4". Light switches are at both top and bottom. Platform at head of stairs is 3' wide.

In the bath, the tub is painted with a clear substance that makes it skid proof, and has a vertical grab bar. Lavatory bowl with flanking counter top is large enough to permit bathing the baby.

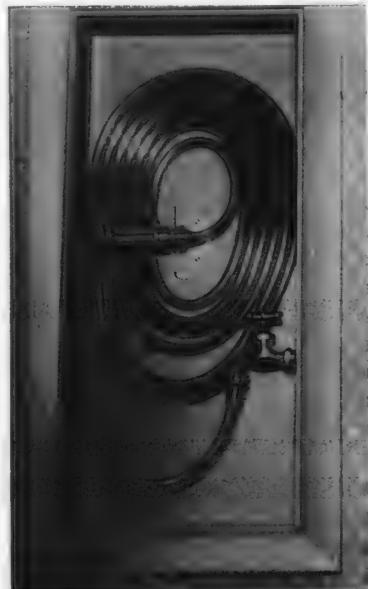
A plumbing access panel conceals an extra faucet and 25 feet of hose for use in case of fire.

Locked cupboards are provided in bath and kitchen to keep poisons from children's reach. A knife rack is built into the kitchen wall.

All electrical outlets require a quarter turn for operation. Switch plates glow in the dark.

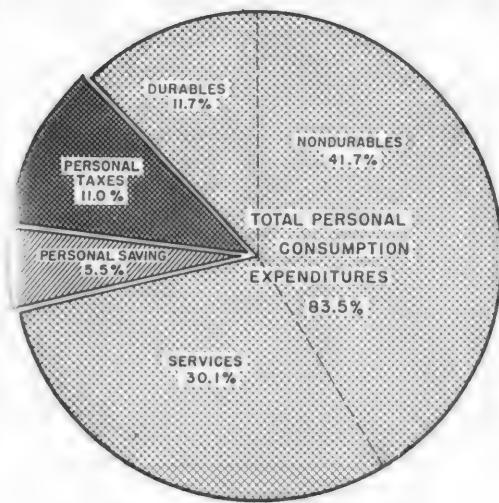
The house was recently awarded the National Safety Council's Green Cross flag, the first house to receive this honor from the Council.

—Courtesy, NAHB Correlator



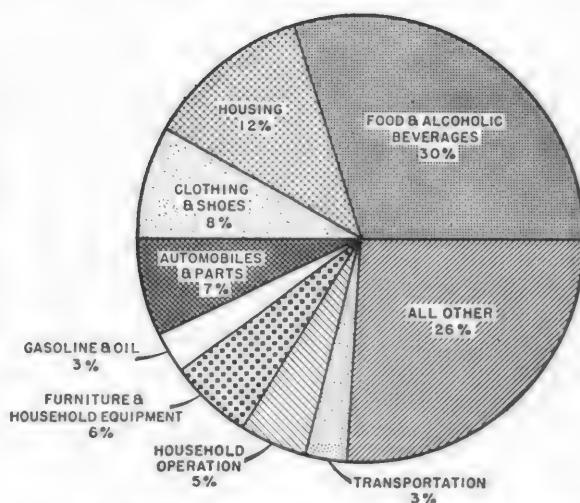
Plumbing access panel contains faucet and 25-foot hose in case of fire

Here's What Happens to Dollars . . .



The PERSONAL INCOME DOLLAR is disposed of in this manner

(Based on total Personal Income, first half 1955, at annual rate—\$297 billion)



The DOLLAR SPENT by CONSUMERS for GOODS and SERVICES is distributed in this manner

(Based on total Personal Consumption Expenditures, first half 1955, at annual rate—\$248 billion)

—From a recent issue of SURVEY OF CURRENT BUSINESS

Know Your Insurance

Is your present life insurance the best kind for you and for the family? If you now own a *term* policy (usually taken to cover a temporary need), and it has served its purpose, should it be converted into, say, *regular life*, 20- or 30-*payment life*, or *endowment*?

Will the company require proof of age at your death? Is your in-

surance now payable to the person or persons you want to have it? Circumstances may well have changed since the policy was written.

Should you lose your earning power, what would happen to your insurance? Does "special purpose" coverage—retirement income or family income, for instance—fit the family picture?



"We saved over \$800 last year, dear. I wonder where it went."

It's no disgrace to be poor and, besides, the instalment salesmen leave you alone.

A monologue is a conversation between a traffic cop and an automobile driver.

As we understand it, the world will be wrecked if any nation fails to get from us what she wants.

DIVIDENDS SET RECORD

OWNERS of common shares listed on the New York Stock Exchange received more than \$5-billion in cash dividends during the first 9 months of 1955. This compared with dividends of nearly \$4.5-billion paid on the same securities in the same period of 1954.

Here are 9 of the 27 listed categories that increased 15% or more in payments in the first 9 months of last year.

| Type of Stock | Est. Total Payts, first 9 mos. 1955* | Per Cent Change |
|--------------------------|--------------------------------------|-----------------|
| US Cos. operating abroad | \$43,562 | +37.0 |
| Bldg. trade | 67,572 | +35.8 |
| Aircraft | 81,213 | +33.5 |
| Steel & Iron | 243,424 | +21.9 |
| Rubber | 49,259 | +19.5 |
| Chemical | 565,300 | +18.3 |
| Misc. business | 35,558 | +17.9 |
| Foreign stocks | 102,240 | +15.9 |
| Mach. & metals | 191,675 | +15.2 |

*In millions

Safe Deposit DOs and DON'Ts

Those 1,098 Meals in '56

In Leap Year 1956, Mrs. Doe, you're scheduled to serve 1,098 meals. Multiply this number by the size of your family.

Let's hope you miss many of 'em by "eating out," but at best you'll be on the three-a-day routine most of the time. And if you feed a family of four you'll be buying about three tons of the stuff that menus are made of.

This, as you well know, runs into money. And chances are the problem is, in these days of still-

high prices, "How can I stretch my food dollar?"

Here are some suggestions, compiled by experts.

Plan your meals well. Shop with a list. If possible, go to the store yourself and choose your own foods. It's a good idea to "shop around," comparing prices. Remember, the most expensive foods aren't necessarily the best! Buy staples in as large quantities as you can store. Care for the food properly.

WE WANT TO PROTECT our treasured possessions. One of the best ways to do this is to rent a safe deposit box in a bank. Here are a few *dos* and *don'ts* to remember when you get your box.

DO . . .

. . . use your box for valuable papers, such as birth certificates, citizenship papers, deeds, household inventory, insurance policies and wills.

. . . make a thorough check of all your papers to be sure you don't overlook any.

. . . keep a list of everything you place in your box.

. . . ask your bank about joint ownership of a box.

. . . find out about procedure to be followed to obtain access to your box in case of your death.

. . . put one of your duplicate keys in a safe, accessible place.

. . . memorize the number of your box.

Economic Relativity . . .

And It's No Theory!

Beardsley Ruml, the economist, in a recent study of the purchasing power of the American dollar, shows the widening gap between the income one gets and what can be bought with it.

This is the result of new and higher taxes, inflation in living costs, and governmental deficit spending, all more or less related.

A \$15,000 income in 1904 was big money. To maintain an equivalent standard of living in terms of purchasing power 50 years later a family would have to get \$108,210, or seven times as much.

Here are some typical salaries 50 years ago compared with today in terms of relative purchasing power:

| Occupation | 1904 Salary and Purchasing Power | 1953 Salary | 1953 Purchasing Power |
|---------------------------|----------------------------------|-------------|-----------------------|
| University president..... | \$4,300 | \$16,500 | \$4,196 |
| Railroad executive..... | 2,803 | 11,592 | 3,109 |
| Railroad engineer..... | 1,313 | 7,352 | 2,063 |
| Professor | 2,000 | 5,600 | 1,596 |
| Auto worker..... | 594 | 4,927 | 1,428 |
| Industrial worker..... | 477 | 4,051 | 1,197 |

DON'T . . .

. . . keep one of your keys in your safe deposit box.

. . . leave the key in the door while you are in a booth or elsewhere. Always retain possession of your key.

. . . resent the bank's request for identification—it is solely for your *protection*.

. . . ask the attendant to watch your box while you go elsewhere in the bank. He is not permitted to do this—again for your *protection*.

. . . ask a friend or member of your family to take something to your box. Unless you have made legal arrangements, no one but you has access to your box.

Living Beyond Our Means—U. S. Means US!

TODAY, Americans are enjoying new peaks of prosperity—of employment, production and income—setting new records in many lines. But this simply emphasizes the need for wisdom and restraint, as well as courage, in both public and private affairs.

EVERYBODY KNOWS that no family can continually live largely beyond its means. It is worse for a government to do so. History shows how continued heavy deficits contribute to inflation, with rapidly rising costs of living and cheapening of the money, finally resulting in the destruction of all values and disaster not only for the

government but for its people as well.

HIGH PRODUCTIVITY, more and better jobs, and increasingly higher standards of living for all our people can continue to benefit all Americans if we handle our affairs with confidence, tempered with common sense, and seize this opportunity to achieve the goal toward which our efforts always have been directed—to have the Government live within its means.

BARRING SOME UNFORESEEN development, we think that we should, and that we can, balance the budget this year.

—From a joint statement by George M. Humphrey, Secretary of the Treasury, and Rowland Hughes, Director, Bureau of the Budget.

People Have Good Opinion of Hometown Banks

MOST PEOPLE have a pretty good opinion of their bank.

This is indicated by a public relations survey conducted by Kenneth G. Cook, graduate student at Penn State, in a central Pennsylvania community of 13,000 people.



"Our survey in this small community," Cook said, "showed that the people think of banks as rather businesslike yet friendly places which take an interest in personal problems.

"They do not think of banks as being too formal or dignified with cold dreary atmospheres as has been found in some studies on a national scale."

—Reprinted from
PENN STATE Alumni News

CURRY ON THE SIDE

Husband: It's peculiar, but the biggest idiots seem to marry the prettiest women.

Wife: Oh, now you're just trying to flatter me.

A man was filling out a job application blank and came to the question: "Have you ever been arrested?" His answer was, "No." The next question was, "Why?" and was intended for those who answered in the affirmative. Nevertheless he answered it with, "Never got caught."

Two kittens were watching a tennis match. One turned proudly to the other and said, "My pop's in that racket."

An intelligent person is one who understands the obvious.

Teacher: Billy, what are the seasons?

Billy: Baseball, football, basketball and—vacation.

No system of government works good where everyone tries to work the government good.

If they ever do away with comic books, many American youngsters will quit reading.

"Frankly, folks, it isn't much of a house, but it will be invaluable in teaching you little things to watch for the next time you buy!"



HOW TO HOLD A FAMILY DINNER

by Elsie Stapleton, Jr.

WHEN YOU DECIDE to have a family business meeting it's important to have it understood clearly that it's to be a business meeting in the true sense. . . . That it will be conducted calmly and quietly. . . . That past mistakes in spending will not be held against anyone. Many a budget has died aborning because of a brawl.

The meeting should have two objectives: to track down where the money is going now; and to decide what revisions you will want to make in your new plan.

It's best to give every one in the family a few days' notice before the meeting. This is so that all can try to have a fairly good idea of what they have spent during the past year. Father may need to get out insurance figures, total cost of running the house, repair and medical bills. Mother will want to have a good average of weekly or monthly food costs, amounts spent on clothes, and cleaning bills. Teenagers should come with a good idea of their annual expenses, allowance, school costs and the amount of money they earn outside of home. Even preteenagers should have some figures on their allowance and expenses. (This to give them a feeling of being active members of "the board.")

No Big Black Book

You need not have any elaborate accounting book. All you need is a large piece of paper.

Remember, this new spending plan will cost you nothing. You don't have to invest a cent. All you need is a genuine interest in the well-being and happiness of yourself and your family and a determination to get the utmost in good living.

First, put down the cost of the roof over your head. This means rent or payments on your home, interest on mortgage, taxes, water, repairs and *commutation fares*. One couple forgot this when moving from the city to a cheaper place in the country. With commutation it proved to be more expensive.

Next, the cost of operating your home: fuel, gas, electricity, telephone, laundry, household help, supplies, gratuities at Christmastime.

Third, the cost of feeding your family. It is best to arrive at a weekly or monthly average for this.

Clothing comes next. Whether you call this meeting in January or June, ask yourself "What have I spent on clothes during the past year?" Forget the overcoat Dad bought two years ago. Dry cleaning, alterations and shoe repair also come under this heading.

Savings includes savings accounts, life insurance, Social Security, bonds, investments, pension plans.

Health and medical. Under this heading are medical and dental bills, the oculist, hospitalization, health and accident insurance, medicines, and vitamins.

Where Did the Money Go?

From here on in—if you are like thousands of people I have known—you will find figures that will puzzle you. You may have to hunt up check stubs, old bills stashed away in the back desk drawers and in your memory. **KEEP AT IT.**

I find that people have a curious unawareness of where the money goes. It is hardly surprising. It's easy to lose track of money. Why, sometimes it's difficult to account for that ten-dollar bill we had in our purse this morning.

Though no two spending plans are alike (they are as different as fingerprints), here are some memory prodders to remind you in tracking down the rest of your spending: church and charity, gifts, education, fun money (entertainment, amusements, sports, hobbies, vacation), house furnishings, the cost of your automobile and personal allowance.

Keep at it until you have accounted for the entire spending of your **TAKE HOME PAY**.

No Miscellaneous, Please

Very few have ever found it easy to track down their spending. But to get a clear picture of your spending pattern, this dog work is well worth it. A half picture of your money with unaccounted-for items neatly hidden under "miscellaneous" will get you nowhere.

DOLLAR CONFERENCE



Now, You Are the Experts

Perhaps for the first time in your lives, you are now looking at a clear picture of just where your money goes. When people look at this picture some items are surprisingly pleasant, others amazing or distressing. Usually, folks are well able to make their own adjustments . . . what they want to change or, even, sacrifice.

A Fresh Piece of Paper

After you've finished the drudgery of getting your spending down on paper, go over the figures with a fine-tooth comb. Be sure that your money is going exactly where you want it to go. You work hard for

it; it's worth a bit of work to make sure that you are getting the utmost from your money. Then take another piece of paper and copy the figures which you wish to remain as they are, and make the changes you want.

In drawing up your new plan, count on maximum outgo and minimum income. You may come out ahead of the game next year, if you do this. Many people list the things they want, but can't include, in their new spending pattern, and start a "wishing well" file. Perhaps you'll do better than you expect and you will be able to buy something on your wishing-well list.

You now have your new spending pattern custom tailored to fit you and your family.

*"Three men in
a tub?"*



When you built or bought your home, perhaps you didn't need more than one bathroom. If you now need another, the cost may present a problem. We have an answer for you: A bank loan, to ease that indoor traffic jam without jamming up your budget.

Many other household problems can be solved the same way.

We can help you modernize your lighting, heating, or plumbing system . . . insulate walls . . . repair, repaint, redecorate.

Whether you borrow fifty dollars or a thousand, the cost at our bank will be agreeably low and the repayment terms liberal. Come in for details.

